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## **Near East and South Asia Review**

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**15 February 1985**

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## Near East and South Asia Review

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### Articles

#### Saudi Arabia: Relations With the PLO

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Saudi Arabia has reacted warily to recent developments in the Palestine Liberation Organization, as it does not believe that the mainstream PLO groups can act independently of Syria over the long term or that they can agree to King Hussein's negotiating on behalf of the PLO until Syria is assured that its interests will be taken into account.

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#### The Saudi Air Force and the Arab-Israeli Military Balance

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Deliveries of advanced equipment and growing operational experience have transformed the Saudi Air Force into one of the most effective air arms of any Persian Gulf state, but such capabilities do not translate into significantly enhanced combat effectiveness against an air force as well equipped and trained as that of Israel.

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#### From Time Immemorial—A Review

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Although Joan Peters, the author of *From Time Immemorial*, believes the Jewish claim to Palestine is stronger than the Arab one, the reviewer does not believe she has proved her case. He points out that most Palestinian refugees consider Israel as their home but realize they now must define their relations with that state.

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#### Lebanon: Wild, Wild West Beirut

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The continuing civil war in Lebanon has transformed West Beirut into a lawless, militarized zone contested by confessional and ideological factions, and the Lebanese Government probably will be unable to reassert control over the area for the foreseeable future.

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**Jordan: Weathering the Arab Recession**

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The Jordanian economy is showing signs of recovery following a slowdown in economic growth last year because of the continued recession in the Gulf states and declining Arab aid, and, despite chronic cash shortages, Jordan's economic prospects for 1985 appear relatively good.

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**Abu Dhabi: Mainstay of the United Arab Emirates**

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Abu Dhabi's oil wealth has enabled it to become the major supporter as well as the ruling state of the United Arab Emirates, and lower oil revenues since 1981 have not caused it the problems faced by many oil exporters but have prompted it to focus its priorities.

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**Iran: The Kurdish Resistance Hangs On**

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Operating in deep snow and biting cold, the Iranian Kurdish rebels have staged a comeback after suffering severe defeats in a major government offensive last fall, but they have lost considerable local Kurdish support as well as secure bases. The continuing inconclusive struggle will chiefly benefit Iraq.

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**Ahmad Shah Masood: A Leader for the Afghan Resistance?**

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Panjsher Valley insurgent commander Ahmad Shah Masood may be the insurgent leader most capable of developing widespread cooperation among the guerrilla factions inside Afghanistan, but the unevenness of his success in building alliances shows that achieving major gains in insurgent cooperation will be a long-term process.

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**Pakistan: Elections at Last**

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President Zia should score a victory in the nonparty national and provincial elections scheduled for late February, but the opposition could revive if Zia decrees major constitutional changes. Key generals may be tempted to move against him if the new assemblies become difficult to control.

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**India: Artillery Modernization**25X1  
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The Indian Army has been only partly successful in providing its artillery regiments with greater firepower and mobility, and continued delays in fielding 150-mm howitzers as well as 130-mm self-propelled guns will impede the evolution of the traditionally infantry-oriented Indian Army into a modern mechanized force.

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**Egypt's Air Defense Program Ending in Sudan**25X1  
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Egypt's decision to terminate air defense assistance to Sudan and withdraw its men and equipment will not significantly alter bilateral relations, but Egypt is unlikely to attempt similar ambitious programs with Sudan and will instead argue that a strengthened Egyptian military is Sudan's best protection against Libyan aggression.

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**Egypt: Police Morale Problems**25X1  
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Egypt's police are disturbed by what they perceive as a lack of high-level support for their efforts to control student, labor, and prison disturbances. Some senior police officers are openly criticizing Interior Minister Rushdi for his apparent unwillingness to defend them, but President Mubarak supports Rushdi's actions.

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*Some articles are preliminary views of a subject or speculative, but the contents normally will be coordinated as appropriate with other offices within CIA. Occasionally an article will represent the views of a single analyst; these items will be designated as noncoordinated views. Comments may be directed to the authors.*

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## Articles

### Saudi Arabia: Relations With the PLO

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Saudi Arabia has reacted warily to recent developments in the Palestine Liberation Organization (PLO), especially the Palestine National Council (PNC) meeting convened in late November in Amman and the stepped-up pressure by Syria's President Assad on PLO chief Yasir Arafat. In our judgment, Riyadh does not believe that the mainstream PLO groups that met in Amman can act independently of Syria over the long term. The Saudis also doubt that Arafat can agree to King Hussein's negotiating on behalf of the PLO until Assad is assured that Syrian interests in a future settlement will be taken into account.

Riyadh was one of the PLO's earliest and most generous supporters, and the Saudis are generally sympathetic to Palestinian goals. Saudi officials have often argued that the Palestinian problem is at the heart of the Arab-Israeli conflict, and they fear further regional instability if the problem is not resolved.

with King Hussein in the meantime, in our judgment. They are not likely to take a more active mediating role in the broader diplomatic effort, because they judge that Arafat himself does not have broad enough support within the movement and they fear that Syria will undermine moderate Arab efforts.

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#### Saudi Motivations

Saudi support for the PLO is dictated largely by strategic considerations.

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The Saudis believe that unresolved Palestinian grievances are the greatest obstacle to peace in the region and the most divisive issue in Arab-Israeli politics. The current turmoil within the Palestinian movement and the bitter Assad-Arafat feud, moreover, are effectively preventing Riyadh from convening the long-postponed Arab League summit, in our judgment. The Saudis believe that the Palestinian cause—along with Islamic fundamentalism—is the driving force behind Arab radicalism.

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In our judgment, Riyadh also calculates that support for the PLO polishes its Arab and Muslim credentials and reduces the risk of domestic backlash from a population still strongly committed to the Palestinian cause. In addition, the leadership seeks to avoid open friction with the small Palestinian community in Saudi Arabia. In Riyadh's view, these Palestinians pose a potential threat to Saudi stability, although they are a relatively smaller group than in other Middle Eastern countries—we estimate about 125,000.

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We believe the Saudis will concentrate their diplomatic efforts in the near term in trying to resolve differences between Assad and Arafat and in counseling moderation in Damascus. They are unlikely to push Arafat toward closer cooperation

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[ ] No  
Palestinian refugees were permitted to enter from  
Lebanon after June 1982. [ ]

The Saudis also believe, in our judgment, that their support moderates PLO extremism or at a minimum deflects potential terrorist attacks. They are occasionally threatened by Palestinian groups ideologically hostile to the conservative monarchy or angry at what they believe is insufficient support. They have not been targets of Palestinian extremists, however, as Jordan has been. [ ]

#### Low-Key Support

Although we judge that the Saudis were pessimistic about the prospects for the November PNC meeting, King Fahd sent Arafat a public message of support for his efforts to convene the session. He also sent a congratulatory message to PNC Speaker Abd al-Hamid al-Sayeh and directed the Saudi Ambassador to Jordan to attend the meetings. US Embassy officials judged these steps to be indications of Saudi willingness to move more publicly toward the PLO moderates, despite the PLO split and Syrian backing of the radicals. Arafat paid a highly publicized visit to Riyadh shortly after the PNC adjourned, and we believe that the Saudis are continuing to give him substantial financial aid. [ ]

Saudi financial support for the PLO moderates increased in the wake of the Israeli invasion of Lebanon. The Saudis already were providing approximately \$110 million annually to the PLO and West Bank municipalities as part of Riyadh's commitments made in 1978 at the Baghdad summit.

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The Saudis provide other, more visible forms of support for the PLO in the kingdom. The Saudis treat the official PLO representation as a member of the

diplomatic community and grant the senior PLO official the status of ambassador. The PLO is allowed the unique privilege of distributing political propaganda in Mecca during the hajj, and the government cooperates in PLO efforts to collect the "liberation tax" from Palestinians living in the kingdom, which is approximately 5 percent of their salary. (This "tax" is collected routinely from Palestinian workers throughout the region. [ ]

The Saudis also provided extensive diplomatic support to PLO moderates and Arafat during the Lebanon crisis, playing a key role in engineering cease-fires and negotiating the PLO withdrawal. They lobbied other Arab states to increase support to Arafat and repeatedly pressed the United States to contain Israeli attacks on PLO elements remaining in Lebanon. The Saudis continued to urge the United States to alter its longstanding refusal to deal more directly with the PLO, and, in December 1984, King Fahd called publicly for the United States to recognize the Palestinians' right to self-determination [ ]

Still, Riyadh is careful not to become publicly committed to Arafat by name. Saudi statements instead frequently reiterate Riyadh's longstanding commitment to the "legitimate leadership" of the Palestinian movement, as they did during the PNC meeting. In a newspaper interview in early January, moreover, King Fahd was careful to maintain the appearance of neutrality and stressed that Riyadh would not involve itself in the internal politics of the PLO [ ]

We judge that the Saudis would support an alternative leadership within the PLO if Arafat's popularity eroded significantly. [ ]

[ ]

[ ] We believe they would withdraw support from the PLO leader, however, only if they were confident that the political moderation and cohesion of the movement would not be further impaired [ ]

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**The Syrian Factor**

We judge that the Saudis avoid a more conspicuous role in supporting Arafat because they do not want to become more involved in competition with Syria for influence within the movement. They recognize their financial assistance to the PLO cannot counter Syrian influence, proximity, and control. In our judgment, Riyadh does not believe that Arafat can move far toward accommodating King Hussein's initiative, regardless of Saudi support, because of the risk of provoking Syrian retaliation. [ ]

King Fahd has taken a personal role in extensive Saudi efforts to mediate a rapprochement between the two bitter enemies. [ ]

[ ] he tried repeatedly in 1983 to ease Syrian pressure on Arafat, and, according to US officials, he has continued these efforts despite little prospect of success. He often sends officials such as Crown Prince Abdallah and Prince Bandar, who enjoy good relations with the Syrians, to reinforce Saudi appeals. [ ]

**Other Constraints**

We judge that Riyadh is uncomfortable with the radical ideology of the PLO and is unhappy that PLO leaders have often rebuffed Saudi counsel for greater moderation and flexibility. Despite what the Saudis judge as a stronger moderate voice within the PLO after the PNC, they fear increased hostility toward them from radical factions. [ ]

Riyadh's inability to alter US policy toward the Palestinians has also been a chronic irritant in Saudi relations with the PLO. In a short stopover in Riyadh on 3 February, according to press reports, Arafat was expected to again press Fahd to use his visit to the United States to lobby for PLO involvement in peace negotiations, but the Saudis probably see little prospect of change in Washington's position. [ ]

The Saudis are uneasy, moreover, that Arafat may go too far in accommodating King Hussein, a development they judge would precipitate a Syrian backlash. Probable Syrian involvement in the recent assassination of PLO Executive Committee member Fuad Qawasmeh in Amman has reinforced Saudi concern that Syrian interests must be considered in any peace negotiations. [ ]

**Future Tactics**

We believe Riyadh's key goal in the near future will be to avoid deepening the split between Arafat and Assad and further isolating Damascus from any momentum toward negotiations. The Saudis will avoid publicly pushing Arafat toward closer cooperation with Hussein, despite any urging by the United States. They may privately encourage the PLO leader not to take political or military steps that would weaken the King's position, but we judge they will wait to see what Arafat can do to temper Syrian hostility before playing a more conspicuous role. [ ]

Riyadh will continue to provide financial and diplomatic support to the PLO, despite pessimism about the organization's prospects. In our judgment, the Saudis believe that any comprehensive Middle Eastern peace settlement will eventually require some satisfaction of the Palestinian demand for self-determination. They see little prospect that key regional players can agree on how to satisfy this demand, however, and they hope only that they can buy some time for PLO moderates until the prospects for a negotiated peace are more promising. [ ]

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## The Saudi Air Force and the Arab-Israeli Military Balance

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Deliveries of advanced equipment and growing operational experience have, over the past two to three years, transformed the Saudi Air Force into one of the most effective air arms of any Persian Gulf state.

[redacted] on its own, would quickly overwhelm the air forces of either North or South Yemen. [redacted]

Such capabilities, however, do not translate into significantly enhanced combat effectiveness against an air force as large, well equipped, and highly trained as that of Israel. [redacted]

[redacted] At best, even full Air Force participation in a war against Israel probably would lead only to a marginal increase in Israeli air losses and possibly some prolongation of the conflict. [redacted]

### The Saudi Air Force

Air power is the basis of Saudi defense strategy. Faced with scarce manpower resources and the need to deter potential threats on its widely separated frontiers, Riyadh has concentrated on building its Air Force into a well-equipped, highly trained force. We estimate that since 1973 the Saudis have allocated to the Air Force at least half of the over \$110 billion spent by the kingdom on military modernization. Moreover, because of the Iranian Air Force's combat losses since 1980 and the general decline in its operational readiness following the overthrow of the Shah, the Saudi Air Force now ranks second in size to that of Iraq in the Persian Gulf region. [redacted]

### Current Air Force Capabilities Against Israel

[redacted] It is best suited both by its current level of skill and by the location of its major bases to conduct operations

against second-rank air powers such as North and South Yemen and to defend against attacks by Iran's badly depleted Air Force. [redacted]

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[redacted] countermeasures. The bulk of the Saudis' operational experience has consisted of flying numerous, largely uneventful combat air patrols with extensive US AWACS and tanker support. The Saudi Air Force's sole air combat victory—the downing of at least one Iranian F-4 in June 1984—was won against an air force that faces severe maintenance and morale problems, has few remaining operational aircraft, and whose electronic warfare equipment is in poor condition. [redacted]

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[REDACTED]

operations will remain indefinitely dependent on the availability of non-Saudis to perform key support jobs. Should their governments decide to remove these personnel, or if the foreigners refuse to serve in wartime, the operational readiness of the Air Force's advanced equipment would decline dramatically.

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[REDACTED]

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[REDACTED]

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Lacking combat experience and extensive tactical training, Saudi pilots are not the qualitative equals of their Israeli counterparts, and the Air Force cadre of experienced flyers is insufficient to absorb the significant losses likely in a prolonged clash with Israel.

Although improving, Saudi ground attack training remains generally unrealistic and more infrequent than air defense exercises. Moreover, in the few ground attack exercises that do take place, [REDACTED]

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[REDACTED] Although we believe that the Saudis' air combat training is superior to most other Arab air forces, it is not as realistic or as frequent as that in the Israeli Air Force.

Although the Air Force has impressive stocks of laser-guided bombs and Maverick missiles, it lacks the precision-guided standoff weapons and electronic warfare equipment and training necessary to penetrate Israeli air defenses and deliver effective strikes without suffering unacceptable losses. In addition, the Air Force's principal strike aircraft, the F-5E, lacks the range and payload to pose a significant threat to Israel.

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[REDACTED] Saudi interceptor training includes numerous AWACS-controlled practice intercepts and occasional dissimilar exercises involving F-15, F-5, and Lightning aircraft.

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[REDACTED] Moreover, reflecting the general shortage of native manpower throughout Riyadh's armed forces, the Saudis do not have enough experienced pilots to sustain significant combat losses. As of mid-1984 the Saudi Air Force had about 170 pilots, of whom 48 were F-15 qualified,

[REDACTED] The Saudi base structure opposite Israel is underdeveloped and poorly protected. Tabuk, the only major airbase in the northwest, [REDACTED]

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Native manpower shortages are even more acute in Air Force support elements.

capabilities of its Lightning interceptors.<sup>2</sup> Other airfields in the area have poor support facilities and could, at best, serve only as dispersal strips. Because of the lack of aircraft shelters and air defense units, aircraft staging from them would be highly vulnerable to Israeli attack. The Saudis, moreover, have little

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[REDACTED] As a result, the Air Force's ability to sustain intensive

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rapid runway repair capability and no experience supporting extended high-intensity combat operations. [redacted]

judge will enable it to retain the substantial qualitative edge it now enjoys against all Arab air forces. [redacted]

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[redacted] we doubt that the Saudis would send fighter aircraft to either Jordan or Syria. The Air Force is able to deploy an F-5 squadron to neighboring friendly countries as demonstrated during exercises with Oman and Kuwait in 1984. Saudi F-5s in Jordan or Syria would be almost useless against Israeli F-15s or F-16s, however, and also would be vulnerable to destruction on the ground. [redacted]

Saudi air defenses opposite Israel will probably be more formidable by the mid-1990s. Should the Air Force receive its AWACS and associated tankers on schedule, acquire additional F-15s and/or comparable European fighters with all-aspect air-to-air missiles, upgrade the avionics of its current F-15 fleet, and introduce successfully the planned national command and control system (Peace Shield), the Saudis will have one of the most advanced air defense networks in the Third World. In addition, we anticipate that the Air Force will attempt to reduce the vulnerability of its base structure in northwest Saudi Arabia by downgrading Tabuk's importance somewhat and possibly turning Hail—which is approximately 600 km northwest of Riyadh—into a focal point for air defense operations in the area. Other facilities—notably Guriat, Hafar-al-Batin, and possibly Turaif or Al Jawf—could also be upgraded to support Air Force deployments in the northwest more effectively.<sup>3</sup>

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[redacted] Even within Saudi Arabia deployments of F-15s away from their home bases at Taif, Dhahran, and Khamis Mushayat are rare. In the air intercept role, however, Saudi F-15s with conformal fuel tanks or air refueling can reach Jordan or southern Syria from airbases deep inside Saudi Arabia. [redacted]

[redacted]—would be further handicapped by a limited ability to coordinate operations with the dissimilarly trained and equipped Jordanian or Syrian Air Forces. [redacted]

Such improvements could increase the costs of Israeli attempts either to neutralize Saudi air defenses in the north or transit Saudi airspace to strike targets in eastern Jordan and Iraq. Saudi-manned AWACS and F-15s, supported by KE-3A tankers, could maintain combat air patrols over northwestern Saudi Arabia. Such a force could detect and respond to Israeli actions, including strikes against Iraqi Army units moving through western Iraq and eastern Jordan on their way to the front. [redacted]

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#### **The Impact of Modernization: Saudi Arabia Versus Israel in the 1990s**

[redacted] although improved Saudi defensive capabilities could complicate Tel Aviv's military planning and possibly lead to somewhat greater Israeli losses in a general war. By the mid-1990s, we estimate that the Saudi Air Force should have about 100 to 140 advanced fighters, supported by Saudi AWACS, jet tankers, and an extensive nationwide command, control, and communications network. Such improvements will bolster Saudi defensive combat capabilities against an Israeli air attack but will also aggravate traditional Saudi problems such as manpower shortages and overreliance on foreign personnel. Moreover, during this 10-year period, the Israeli Air Force will be undergoing extensive modernization as well, which we

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## Current and Projected Israeli and Saudi Air Force Inventories

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[redacted] . Given Israel's excellent pilot training program, its emphasis on formulating imaginative tactics, and the superiority of its combat-tested air battle management system, [redacted]

[redacted] which will be enhanced by the advanced air-to-surface munitions and improved attack avionics it plans to obtain by the 1990s— [redacted]

Despite impending deliveries and likely purchases of additional advanced equipment, we judge that Riyadh's ability to project power against Israel will remain limited in the 1990s. Assuming the Air Force receives additional F-15s—especially the F-15E strike Eagle—acquires European multirole aircraft, purchases standoff precision-guided weapons, and receives advanced electronic warfare equipment, it will have the materiel necessary to form a modern air striking force. To overcome Israeli fighters and

ground-based air defenses, deliver damaging attacks against Israeli facilities, and avoid crippling losses, however, the Saudis would have to achieve a degree of operational expertise equivalent to that of the US Air Force or a West European air force. [redacted]

[redacted] works to improve the kingdom's air defenses, and attempts to retain qualified personnel. [redacted]

[redacted] Moreover, because of the lack of equipment commonality between the Saudi, Jordanian, Syrian, and Iraqi Air Forces, AWACS would be of little use in coordinating operations by these forces. Even if the Saudis conducted extensive peacetime exercises with, for example, Jordan or

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Iraq—a highly unlikely prospect given Riyadh's lingering distrust of its Arab neighbors—the inability of AWACS to provide secure data links to non-US aircraft seriously degrades its ability to supervise multforce exercises. At best, AWACS provides the Saudis only with an enhanced early warning capability against incoming Israeli airstrikes. [redacted]

[redacted] Boeing personnel will perform all maintenance on the aircraft, and all depot-level maintenance, including computer programing, will take place in the United States [redacted]

The continued Air Force expansion we anticipate over the next five to 10 years will aggravate traditional Saudi military problems such as manpower shortages and overdependence on foreign personnel. Although we believe that the Saudis probably can train sufficient pilots to man the new advanced fighters we expect them to receive, this probably will reduce the number of pilots available to man the F-5s. In any event, if Air Force expansion continues, the Saudis are unlikely to achieve a pilot ratio of much better than 1 to 1, even for their advanced fighters. As a result, the cadre of experienced pilots will not be large enough to sustain high-intensity combat against Israel. Shortages of qualified native manpower for key support slots such as navigators, loadmasters, air controllers, and mechanics could become even more acute in the near future, forcing greater reliance on Pakistani military personnel and foreign contractors. [redacted]

#### Outlook and Implications

The Air Force's growing capabilities could make Saudi attempts to avoid major involvement in a future Arab-Israeli war increasingly difficult. We believe that, if a war looms sometime in the next five to 10 years, Riyadh's Arab neighbors probably will urge it to commit its airpower, especially the F-15s. In previous wars the Saudis have sent only a token force of ground units and, to the best of our knowledge, have never contributed Air Force formations. [redacted]

We judge, however, that, [redacted]

[redacted] the Saudi political leadership will attempt to sidestep Arab calls for

significant Saudi Air Force contributions in a future Arab-Israeli war. Several important factors will, in our view, influence their decision to limit Saudi involvement:

- In the eyes of its leaders, Saudi Arabia continues to face potential threats from Iran, North and South Yemen, and, over the long term, Iraq. The Air Force is the kingdom's first line of defense and its only truly effective military force. Substantial losses of aircraft and pilots in a general Arab-Israeli war would seriously cripple Riyadh's ability to respond to future threats from other regional powers. [redacted]

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[redacted] An abrupt cessation of US technical support following the outbreak of war would seriously degrade Air Force operational readiness, primarily in the F-15 and AWACS programs. [redacted]

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Despite these considerations, we believe that Israeli military planners view the Saudi Air Force's continued modernization with alarm. To avoid having to hold aircraft in reserve to meet a potential threat, or if Tel Aviv believed Saudi Air Force participation was probable, the Israelis could decide to launch an overwhelming preemptive strike on key Saudi facilities during the opening stages of a future war. Such a strike could have serious repercussions for Saudi relations with the United States if Riyadh's Air Force suffered serious damage or if Washington failed to condemn the Israeli action strongly. [redacted]

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## From Time Immemorial— A Review

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According to the dust jacket blurbs on *From Time Immemorial*, Joan Peters has written a “blockbuster book that disposes of the Arab historical, political, and moral claims to the area once known as Palestine.” The notices claim her work should redirect US policy in the Middle East if not “change the course of events” there. That is a tall order to fill, and, after reading her book, I wonder what the blurbists read that led them to that conclusion.

### Background

The book is a blockbuster, but only from the standpoint of length. It numbers 603 pages, of which approximately 200 are appendices and notes. Ms. Peters says she took seven years to research and write this tome, using, she claims, original sources previously classified or overlooked. To my mind, she liberally quotes, often out of context, from secondary sources.

Among Peters’s more startling findings is that Jews did not displace “native Arab Palestinians from their ancestral homeland.” She goes to great lengths to show that, in actuality, the Arabs displaced Jews, and Arab migrant workers took the places meant for Jewish settlers. Thus, there was never a Palestinian homeland, and Palestinian nationalism is merely the creation of fertile Arab minds seeking to dispossess the Jews of their homeland.

### Arab/Jewish Demography in Palestine

Ms. Peters reaches this conclusion by examining in exhaustive detail accounts written by 18th- and 19th-century visitors to the Holy Land, who depicted the land as a sparsely settled desert laid waste by centuries of pillage. Arabs from all over the Middle East and North Africa constantly migrated to and from Palestine, displacing each other, long before the Jews began returning. According to Peters, it was the Jewish “restoration of the land” after 1905 that attracted the large influx of Arabs now claiming to be displaced Palestinians.

Many of the Arabs who came to Palestine after 1905 were migrant workers employed by Jewish settlers, as Ms. Peters says. But there were at least 600,000 Arabs living in Palestine before 1914 (as opposed to 85,000 Jews), and at least two-thirds of these were residents before 1880, when the first wave of Jewish immigrants from Eastern Europe began arriving.

In manipulating the population data, Ms. Peters should have examined more carefully Jewish emigration statistics during 1905-33. She would have found more Jews leaving Palestine than entering because of the hardships there, and not until Nazi Germany began its anti-Jewish campaign did Jewish immigration increase substantially. By 1945 Arab inhabitants of Palestine still outnumbered Jewish inhabitants by at least three to one, if the questionable census data collected on the Arab population by the British are to be believed.

### Rightful Claim

Ms. Peters does not, in my judgment, make a convincing argument that either the Jewish or Arab immigrants in Palestine had an overriding claim to the land. Her belief that the Jewish claim is the rightful one stems from tracing Jewish roots in Palestine to the Roman period. But the majority of Jewish immigrants to Palestine after 1900 came from Eastern Europe, and some scholars believe they stem from the Don River basin, not Roman Palestine. Besides, simply because one’s ancestors inhabited an area 2,000 years ago does not automatically pass title in the 20th-century system of nation states.

Ms. Peters’s claims about the 1917 Balfour Declaration, the United Kingdom’s implied promise of a Jewish national home in Palestine, also are not quite correct. She claims it “gave” all of Palestine

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(defined by Ms. Peters as Eretz Israel, which she believes encompassed present-day Israel, southern Lebanon and Syria, most of Jordan, and parts of Saudi Arabia) to the Jews. In fact, the Balfour Declaration was a document promising that the United Kingdom would look favorably upon the establishment of a Jewish national home in Palestine. At the time it was issued, London also was promising the land to the Hejaz Arabs led by Sharif Hussein. In fact, the United Kingdom had no intention of "giving" Palestine to anyone because it lay astride a traditional invasion route that could be used to threaten British control of the Suez Canal. After World War I, the British tried to assuage the Arabs by creating Transjordan and the Jews by permitting some Jewish immigration. As history has shown, London's half measures pleased no one and fostered many of the problems plaguing the area today.

#### **Population Exchange?**

The author's other main thesis stems from her first. If the Arab population of Palestine did not have a legitimate claim to the land, then the massive Jewish immigration to Israel from Arab countries during 1948-52 constituted a fair population exchange. Arabs displaced from Israel could return to their homelands. She believes the Arabs who fled Palestine in 1948 became refugees only because the Arab governments were manipulating them for their own purposes.

In a sense, she is correct. Syria, Jordan, and Egypt invaded Palestine in 1948 to lay claim to as much territory as they could, not necessarily to create a Palestinian state. Arab governments have cynically manipulated the Palestinian refugees for decades and have used them as a vehicle for opposing the Jews and Israel as well as a means to further their own domestic and regional leadership aspirations. But the fact remains that the Palestinian refugees believe they have a legitimate claim to the homes they left in Israel whether they lived there two or 20 years or their families resided in the area for generations. I believe that most regional specialists would agree that many of these people will eventually be absorbed into the Arab world despite their endemic irredentism. They probably will remain on the UN dole for some time, but it is highly unlikely they will ever be repatriated or incorporated into Israel in any significant numbers.

By the same token, Jews who were expelled or fled from their homes in the Arab world will not return. The author goes into great detail telling about the expulsion of Jews from Arab countries to explain why they will never return. She "discovers" that Jews were persecuted and mistreated for centuries in the Arab world and that most came to Israel with little more than the clothes on their backs. Even in Morocco, which is touted as more tolerant of non-Muslims than the rest of the Arab world, the Jews were mistreated and considered "foreigners." She cites a large quantity of such information to demonstrate the disingenuousness of the Saudi and Iraqi invitations published in *The New York Times* in 1973 to all Arab Jews living in Israel to return to their countries of origin without prejudice. To my knowledge, Ms. Peters is among a very small minority who took this offer seriously. Otherwise, why spend so much time and effort rediscovering what most people already know: the plight of the Jew in the Arab world has never been good.

#### **Impact on US Policy?**

How will this book help redefine US foreign policy in the Middle East? It certainly will not alter US support for Israel. At the same time, it will not cause the United States to reassess its relations with other countries in the region. Nor will this book make the Palestinian problem disappear. No matter how many academics purport to prove the unequivocal Jewish right to Israel, the great majority of Palestinian refugees apparently still believe, for better or worse, that Israel was their home. That perception is a reality with which US policy must deal.

Despite Ms. Peters's claims to the contrary, much of the PLO and most Arab states no longer believe Israel can be conquered or will become a binational Palestinian/Jewish state. Israel as it exists today is a fact of life, and the Arabs' primary problem is to define their relations and boundaries with that state. The principal reason that progress in resolving this problem is so slow is that neither side has any compelling reason to seek a compromise.



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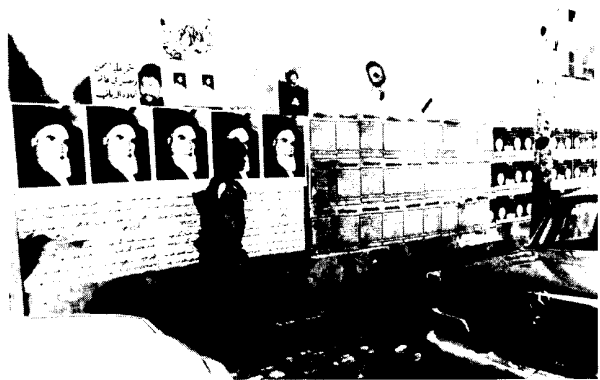
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**Lebanon: Wild, Wild West Beirut** [ ]

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The continuing civil war in Lebanon has transformed West Beirut—once a major commercial, intellectual, and tourist center of the Arab world—into a lawless, militarized zone contested by confessional and ideological factions. Turf battles, terrorism, rampant street crime, and the lack of central authority have made the city extremely dangerous for both local residents and foreigners. The Lebanese Government probably will be unable to reassert control over Muslim West Beirut for the foreseeable future. The area is gradually becoming a stronghold of the radical Shia Hizballah movement and could eventually become the center for Shia fundamentalist activism in Lebanon. [ ]



*Posters of Ayatollah Khomeini are increasingly common in the Shia southern slums of the city.* [ ]

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The decline of West Beirut began with the heavy influx of Palestinian fighters during the early 1970s. The guerrillas and the large Palestinian refugee population took over large sections of the city and transformed them into a de facto PLO capital. The civil war of 1975-76 devastated the city, but Beirutis succeeded in repairing much of the damage during the years following the war. [ ]

**The Legacy of the Israeli Invasion**

The Israeli Army spent much of the summer of 1982 shelling West Beirut and finally entered the city in September. The combination of artillery barrages and street fighting left many sections of the city in ruins. Most of the PLO fighters were forced to leave, but elements of Muslim, Druze, and Christian militias remained in force in various neighborhoods. [ ]

West Beirut was fairly stable for the next year, although [ ] factional militias were arming themselves with weapons from PLO caches throughout the city. The Shia Amal militia in particular, which controlled Beirut's sprawling southern suburbs, was preparing to expand its territory. Amal's base of support in the city had swelled as a result of the influx of thousands of Shias from the south fleeing the Israeli-Palestinian war. [ ]

West Beirut again erupted in street fighting in August 1983 after the Lebanese Army attempted to move against the Amal militia. Five days of fighting and heavy shelling left the majority Shia population in the southern part of the city angry and bitter. The Shias resented the fact that Lebanon's Christian and Druze communities had established "cantons" north of Beirut and in the Shuf, respectively, while the Shias were left without their own piece of the geographical pie. Tensions in West Beirut continued to mount between September 1983 and February 1984 as relations between the Druze/Muslim coalition and the Lebanese Government/Christian coalition deteriorated. [ ]

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The decisive battle for West Beirut occurred during the first two weeks of February 1984. Amal—aided by units of the Druze Progressive Socialist Party militia—succeeded in driving the Lebanese Army into Christian East Beirut. Smaller militias also participated in the battle, including Palestinian groups, the Sunni Murabitun, the Syrian Social Nationalist Party, elements of the Lebanese Communist Party and the Communist Action Organization, and armed radical Shia elements

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15 February 1985



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Many sections of West Beirut have been transformed into rubble. [redacted] Monday Morning



Lebanese Army attempts to enter West Beirut. [redacted]

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belonging to the fundamentalist Hizballah movement. Following the takeover of West Beirut, each group began to stake its claim to particular neighborhoods.

Shia fundamentalist gunmen associated with the Hizballah have grown particularly strong in many parts of the city. [redacted]

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Chaos and lawlessness have increased steadily in West Beirut during the past year. Random violence has become as great a threat as politically motivated attacks. The implementation of the latest security plan, which assigned the job of policing the city to the predominantly Muslim Lebanese Internal Security Force and the Lebanese Army 6th Brigade, has failed to establish any central authority in the city. [redacted]

[redacted] The US Embassy in Beirut reports that the Hizballah and other extremist groups are rapidly gaining ground while the moderate militias are losing control. [redacted]

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#### Turf Battles

West Beirut today is a patchwork of turfs loosely controlled by confessional and ideological factions. The Shia Amal, Druze PSP, and Sunni Murabitun militias operate in neighborhoods in which their respective confessional communities are predominant. Smaller, more extremist groups are constantly challenging the authority of the major militias. [redacted] there are 44 distinct organizations competing in West Beirut. [redacted]

Checkpoints, traditional Lebanese symbols of a faction's territorial claims, appear and disappear almost at random from day to day throughout the city. Travel from one section of West Beirut to another inevitably involves passing through several permanent and temporary factional checkpoints, which are often flashpoints for armed conflict. [redacted]

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Violent turf battles, often sparked by minor incidents, have become commonplace in West Beirut. Amal and the Murabitun, for example, engaged in a pitched battle for two days in late January after an Amal member ran a Murabitun checkpoint. Amal has also fought over turf with the Druze and with elements of the Hizballah. [redacted]

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Amal's turf is the largest of any group in the city, but Amal leader Nabih Barri exercises only nominal control over most of his territory. Radical Shia and other extremist elements operate freely throughout the Shia areas of West Beirut and have heavily infiltrated the Amal movement itself. [redacted]

The war among the confessional groups in West Beirut often manifests itself as anonymous car bombings, assassinations, and kidnappings. The

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*Hundreds of women protest the kidnapping of their husbands, sons, and brothers. Monday Morning*

Lebanese civil war has usually taken the form of urban guerrilla warfare rather than conventional warfare. Nearly all of the major factions target individual members of other groups for terrorist-style violence. Each of the major militias, for example, is believed to be holding several hundred hostages from other confessional groups.

#### **A Hobbesian Society**

Violence has become a way of life in West Beirut. The daily turf battles between militias are compounded by a growing crimewave that has flourished in the anarchical environment. Both regular militiamen and unaffiliated armed gunmen roam the streets of the city, behaving more like street thugs than representatives of legitimate movements.

Journalists in West Beirut report that armed bands in virtually every neighborhood force local residents and merchants to pay protection money. Those who refuse to pay are targeted for bombings or kidnappings directed against their families.

Robbery and vandalism are increasingly common. Hizballah gunmen in particular have become notorious for harassing women in Western dress and raiding bars and restaurants that serve liquor. Most

citizens of West Beirut no longer dare leave their homes at night and travel fully armed during the day.

The US Embassy recently described life in West Beirut as Hobbesian—a struggle for dominance that has no rules and favors the strong extremists over the weak moderates. It has become as brutal a place to live for bystanders as for combatants. Nothing is exempt from the violence. Hospitals and schools are victimized nearly as often as government and commercial establishments. Innocent civilians are kidnapped as frequently as militia members.

The street violence in West Beirut is augmented by the danger from artillery duels in the mountains, which periodically spill over into the city. Even within West Beirut, the use in turf battles of car bombs, mortars, and the ever-popular rocket-propelled grenades heightens the risk of accidental casualties among noncombatants.

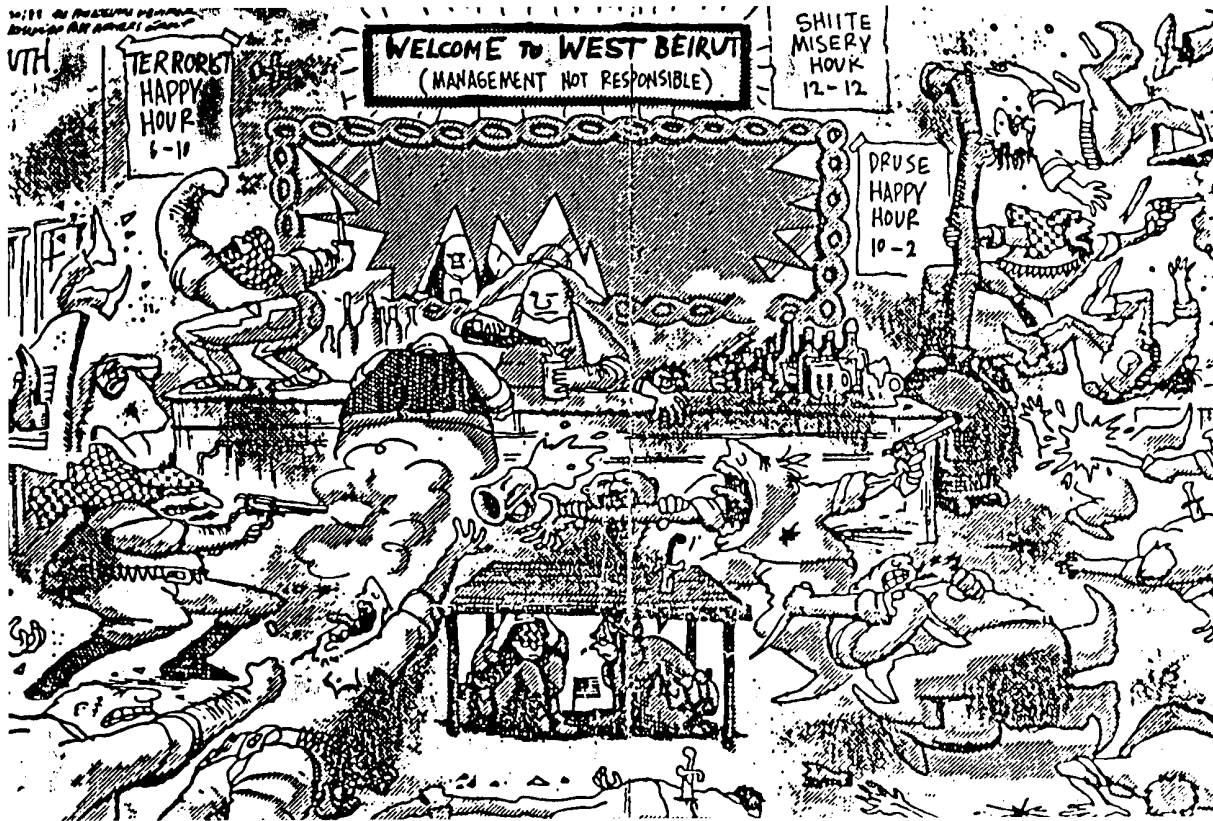
#### **Foreigners Beware**

West Beirut has earned its reputation as the most dangerous city in the world for foreigners, especially Americans and Europeans. Violence against Westerners in recent years has included:

- Car bombings at the former US Embassy and the US and French Multinational Force (MNF) headquarters, claiming over 300 lives.
- Frequent incidents of sniping against MNF troops throughout the city in 1983.
- The kidnapping of a former president of the American University in Beirut and assassination of his successor.
- A series of kidnappings of US citizens since the beginning of 1984, including an Embassy officer, several journalists, and two Christian clergymen.
- The shooting of several members of the French observer force.
- The kidnapping of the Swiss charge and numerous public threats made against other European and American diplomats.

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The increasingly bold Hizballah, which espouses Iran's fundamentalist ideology, poses the greatest threat to Westerners. Other groups, however, share the radical Shias' hostility toward the United States, including several Palestinian extremist groups and Lebanon's two Communist militias, all of which maintain a significant presence in West Beirut. [REDACTED]

#### Outlook

The Lebanese Government probably will be unable to reassert its authority in West Beirut in the near future. The Lebanese Army generally splits along confessional lines when confronted with tense interfactional situations. Moreover, most Christian units of the Army, which shelled Muslim neighborhoods repeatedly last year, would not dare enter West Beirut. [REDACTED]

Official government forces remaining in West Beirut will be incapable of enforcing security. The Internal Security Forces and the Lebanese Army's

predominantly Muslim 6th Brigade, which stayed in West Beirut after the battle for the city last February, generally take orders from Shia leader Barri. [REDACTED]

Turf battles between militias and the overall climate of lawlessness in the city will continue. An entire generation has grown up accustomed to violence in West Beirut. Many of the young street militiamen know no other way of life; fighting has become their profession. [REDACTED]

The extremists almost certainly will continue to gain at the expense of the moderates. Militancy, particularly in the Shia community, is likely to spread as the political and economic crisis drags on. Moderate Muslim leaders probably will remain afraid to denounce the radicals. The recent example of

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*West Beirut child displays her collection of rocket fragments.*

*Monday Morning*

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former Prime Minister Saib Salam, a Sunni, whose house was bombed after he criticized the extremists, will discourage others from speaking out.

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The strength of the Hizballah fundamentalists in West Beirut is likely to grow. The chaotic security situation and depressed economic conditions, which have left many young men alienated and out of work, boost the appeal of fundamentalism and swell the ranks of potential Hizballah recruits. West Beirut is gradually becoming a radical Shia stronghold and could eventually become the center for fundamentalist Shia activism in Lebanon.

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## Jordan: Weathering the Arab Recession

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The Jordanian economy is showing signs of recovery following a slowdown in economic growth last year because of the continued recession in the Gulf states and declining Arab aid. Both the government and the business community are taking steps to overcome their difficulties, and economic conditions are likely to improve this year. The inflation rate is low, industrial production has picked up, and exports to Iraq have started to recover. On the negative side, foreign exchange reserves have fallen to their lowest level in eight years, keeping Jordan dependent on Arab aid. Appeals for more aid are unlikely to raise sufficient funds to keep Jordan from increasing its foreign borrowing for balance-of-payments or budget purposes.

### Production, Prices, and Employment

Jordan benefited handsomely from the oil boom of its Arab neighbors during the 1970s. With wide annual fluctuations, Jordan's real GNP grew at an impressive average of almost 14 percent per year between 1974 and 1981. The outbreak of the Iran-Iraq war in 1980 resulted in increased trade that gave a big boost to the economy. Conversely, the rapid decline in Iraqi trade in 1982-83 because of Iraq's cash shortage helped to take the wind out of Jordan's sails. Real growth in 1982 and 1983 dropped to about 5.5 percent. Last year, growth slowed further to an estimated 4 percent, still a fairly good pace for a small country caught in a regional recession.

Services, including government, account for about 60 percent of economic activity, despite government efforts to foster faster growth in the productive sectors. Mining and manufacturing have grown slightly to about 20 percent of domestic product, while agriculture accounts for about 7 percent. Construction, at 10 percent, accounts for most of the remaining activity.

Price increases have been restrained with the fall in economic activity. Inflation slowed to an estimated 4 percent last year, down slightly from the 5 percent registered in 1983. Unemployment, estimated at 2 percent, is not a problem. Jordan has shortages of workers in the highly skilled and unskilled labor categories. It employs about 35,000 expatriates, many from East Asia and the Indian subcontinent, in the former category and about 120,000, mostly Egyptians, in the latter. An estimated 300,000 skilled Jordanians work abroad, predominantly in neighboring oil-producing countries. When the oil-glut recession hit these countries, Amman feared that many Jordanians would have to return home and that an unemployment problem would emerge. This did not occur, however, and worker remittances, an important positive component in Jordan's balance of payments, have remained strong.

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One problem Jordan may face in the future, however, is finding employment for its increasingly educated labor pool, which is now estimated to be growing at 3 to 4 percent per year. This rate of growth is likely to increase as Jordan's statistically young population matures and as more women enter the labor force.

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While Jordan espouses a free market system, the pervasive influence of the government on the economy and its ownership of a large share of Jordan's productive resources have led to criticism that the private sector is being stifled. The government, however, has proved to be a successful generator of investment funds and a fairly adept manager of the economy.

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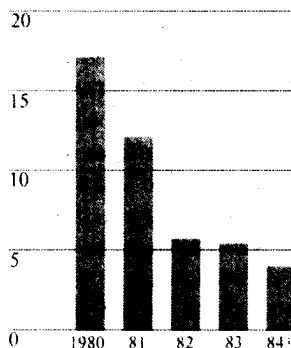
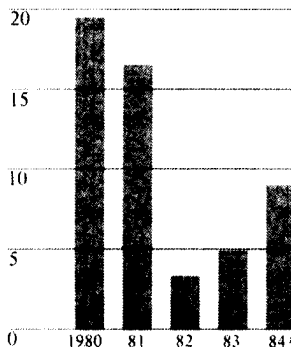
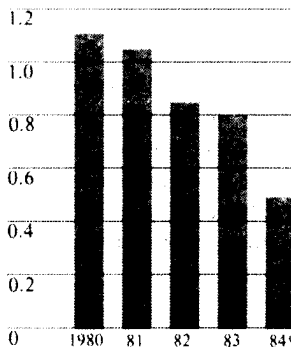
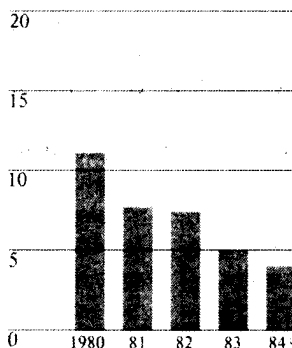
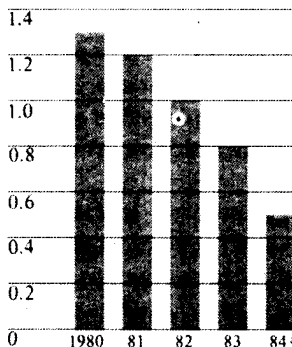
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15 February 1985

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**Jordan: Economic Indicators, 1980-84**

Note scale change

**Real GDP Growth**  
Percent**Industrial Production Growth**  
Percent**Foreign Exchange Reserves<sup>b</sup>**  
Billion US \$<sup>a</sup> Estimated.<sup>b</sup> Yearend.<sup>c</sup> November 1984.**Consumer Price Changes**  
Percent**Arab Aid**  
Billion US \$**Foreign Aid and Payments**

After receiving nearly \$1.25 billion in 1980, Arab aid gradually declined to about \$800 million in 1983. Last year, Saudi Arabia was the only country to fulfill its Baghdad commitment to Jordan, and total Arab aid fell to approximately \$500 million. Kuwait has resumed its Baghdad aid at a lower level, but Arab aid in 1985 will probably only match last year's total.

Preliminary estimates for 1984 suggest that Jordan was able to increase its exports, reduce its imports, and maintain its positive net services balance. Despite the fall in grant aid, Jordan's current account deficit for last year probably remained about the same level as 1983, \$390 million.

Jordan's major foreign borrowings last year included a \$200 million loan to the government and a \$69 million loan for Alia, the national airline. Debt service is manageable, and there is no capital flight from the country. Short-term capital inflows, however, may have tapered off last year.

**Foreign Exchange Reserves Fall**

Jordan's officially reported foreign exchange reserves fell to \$491 million at the end of November 1984, the lowest level in eight years. Overall, official reserve outflows—including some gold sales—appear to have totaled approximately \$325 million from January through November 1984. In September alone, reserves fell over \$100 million despite a \$40 million aid payment from Kuwait, and fell another \$53 million in October despite a \$120 million aid payment from Saudi Arabia. This large an outflow—which may only show up as 1984 errors and omissions—does not tally with likely balance-of-payments projections. The discrepancy may be the result of large unrecorded government payments for past and future arms transactions or may be a deliberate underrepresentation of reserves in order to make undisclosed future payments or gain further aid or concessionary terms for future arms deals.

The Jordanians signed an arms deal totaling about \$300 million with the Soviets last December. Normally, only 10 to 20 percent of the total would be

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**Table 1**  
**Jordan: Balance of Payments**

Million US \$

	1980	1981	1982	1983	1984 <sup>a</sup>
Trade balance	-1,823	-2,435	-2,488	-2,456	-2,185
Exports (f.o.b.)	575	735	751	580	675
Phosphate	158	166	162	142	186
Imports (c.i.f.)	2,398	3,170	3,239	3,036	2,860
Net services	859	1,088	1,092	1,254	1,270
Worker remittances (net)	640	875	907	909	925
Unrequited transfers	1,338	1,305	1,060	813	535
Current account balance	374	-42	-336	-389	-380
Capital account balance	-91	216	325	425	350
Errors and omissions	-119	-122	-151	-30	NA
<b>Overall balance <sup>b</sup></b>	<b>164</b>	<b>52</b>	<b>-162</b>	<b>6</b>	<b>NA</b>

<sup>a</sup> Estimated.<sup>b</sup> Does not equate with changes in official reserves because of transactions involving official gold, SDR allocations, and official foreign exchange valuation changes.

used as a downpayment. In addition, Jordan is considering arms purchases from the French and the British if concessionary terms can be worked out.

### High Hopes for Energy

Jordan is presently undertaking a two-pronged plan to reduce its hefty bill for imported oil. Oil imports from Saudi Arabia and Iraq are estimated to have cost almost \$600 million last year, about 21 percent of all imports and almost equal to total merchandise exports. Subsidized energy prices encouraged overall energy demand to grow about 14 percent last year.

Under the plan Amman will double expenditures on oil exploration and development to approximately \$36 million a year. In November, Jordan signed leases for two Romanian drilling rigs in order to step up exploration. Three successful wells have been drilled near Azraq, which is east of Amman. The first two wells tested at 500 to 600 b/d, while the third well produced oil at a flow rate substantially higher than the first two wells. These flows are small by Middle Eastern standards, but the discoveries were the first of

any significance for Jordan. The Jordanians hope the field—as yet undelineated—will produce 20,000 b/d, about one-third of Jordan's needs. These finds are unlikely to do more than offset a small portion of Jordanian oil imports, and Amman is now afraid that overoptimistic oil rumors may cause aid offers to fall.

The plan also involves measures to lower consumption. Subsidies on petroleum products have been reduced, and electricity rates above a base amount have been raised. Import tariffs on energy-consuming luxury items, such as large cars, are also being increased.

Amman's hopes that the Iraq-to-Al Aqabah oil pipeline will be built have recently been renewed. Iraq, however, has given higher priority to building the Iraq-Saudi Arabia pipeline and a parallel line along the existing Iraq-Turkey pipeline. In addition,

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**Table 2** *Million US \$*  
**Jordanian Government Budget <sup>a</sup>**

	1983	1984 <sup>b</sup>	1985 <sup>c</sup>
Revenues	1,701	1,638	1,949
Arab budget support	511	322	476
Development aid	141	178	225
Domestic revenue	1,049	1,138	1,248
Expenditures	1,845	1,941	2,109
Current	1,165	1,266	1,267
Capital	680	675	842
Deficit	144	303	160

<sup>a</sup> Data based on 1 dinar = US \$2.60.

<sup>b</sup> Estimated.

<sup>c</sup> Budgeted.

Jordan's low level of foreign exchange reserves is worrisome but still manageable. Jordan is unlikely to experience a further drop in Arab aid, and its current account is likely to improve considerably. With large arms purchases in mind, however, King Hussein may well seek further monetary help from his customary Arab donors. In addition, Jordan's credit rating with world bankers is still good, and, if necessary, the country can turn to them to bridge its financial gap.

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Baghdad has demanded political and financial guarantees for the project that will be difficult to fulfill without further Iraqi concessions. [ ]

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#### **Prospects Good for 1985**

Despite chronic cash shortages, Jordan's economic prospects for 1985 appear relatively good. The government has proposed an expansionary, though overly ambitious, budget and is taking steps to improve the country's balance of payments. Tariffs have been increased on imports of certain finished goods and lowered on some raw materials. Fuel price increases should cut consumption of imported oil and reduce government subsidies. Worker remittances will remain strong. [ ]

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The government hopes to increase exports by \$300 million this year and may come close to this figure. Industrial projects involving fertilizers, phosphates, and cement are coming to fruition, and the government has arranged some countertrade deals, such as Iraqi oil for cement and agricultural products to stimulate sales. Exports to Iraq, which fell 61 percent between 1982 and 1983, have started to revive. [ ]

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## Abu Dhabi: Mainstay of the United Arab Emirates

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Abu Dhabi has been transformed in 25 years from an impoverished British protectorate to a major oil exporter with one of the highest per capita incomes in the world. This oil wealth has enabled Abu Dhabi to become the major supporter as well as the ruling state of the United Arab Emirates (UAE) formed after the British departure.<sup>1</sup> This rapid transformation from an economy based on fishing and herding to an oil-based economy with some of the trappings of a 20th-century regional power has generated few social tensions. The most contentious issues have been among UAE members, especially sharing the financial burden of the nonoil emirates between Abu Dhabi and Dubayy.

\$18.7 billion in 1980 and \$18.9 billion in 1981. The surge gave Abu Dhabi one of the highest per capita incomes in the world and fueled an average annual growth rate of 26 percent in real nonoil national output in 1972-80 for the UAE as a whole.

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Crude oil production remains the prime mover of Abu Dhabi's economy. Although estimated 1984 oil revenues of \$5.1 billion are far below the 1980 peak, oil still provides most of the government's revenues. Moreover, most industrial development is derived from the oil sector—for example, natural gas processing, refining, and the production of ammonia and urea fertilizers.

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Lower oil revenues since 1981 have not caused Abu Dhabi the serious problems faced by many oil exporters but have prompted it to focus its priorities. The pace of new oil exploration and oil-derived industrial development is being slowed, but so far water resource development projects and consumer subsidies have not been touched. Lower oil revenues have enabled Abu Dhabi to begin reducing its large and potentially destabilizing expatriate labor force.

Although current figures for Abu Dhabi's gross domestic product (GDP) do not exist, Abu Dhabi's net revenues from oil production alone are about one-third of the UAE's GDP. Total UAE GDP peaked at \$33 billion in 1981 and since has fallen, hitting \$27.5 billion in 1983, the last year for which data are available. Despite declines, UAE per capita GDP (including foreign workers) is still about \$22,000 a year, and we estimate per capita income in Abu Dhabi at \$30,000.

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### The Abu Dhabi Economy

Before the start of oil production in 1962, Abu Dhabi was one of the poorest regions in the world, with an economy based on pearling, fishing, and subsistence agriculture—nomadic grazing of small herds. An increase in oil production along with the runup in oil prices in the 1970s boosted the Abu Dhabi government's share of UAE oil receipts from about \$680 million in 1970 to a peak of \$13.9 billion in 1980. This compares with UAE gross oil revenues of

In addition to oil, a major source of income is foreign assets. The only data reported for Abu Dhabi and the UAE are the UAE Central Bank's official foreign assets. According to data provided to the IMF, there were \$2.4 billion in assets in 1984, down from a peak of \$3.4 billion at the end of 1982. This is only a fraction of total official assets.

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we estimate that official investment income for the UAE totaled \$4.2 billion in 1984, up from \$3.6 billion in 1982. We estimate that the foreign asset base generating this income is

<sup>1</sup> The British-protected Trucial States were Bahrain, Qatar, Abu Dhabi, Dubayy, Sharjah, Al Fujayrah, Umm al Qaywayn, Ras al Khaymah, and Ajman. With the British departure in December 1971, Bahrain and Qatar chose independent statehood, while the seven other shaykhdoms joined together as the United Arab Emirates

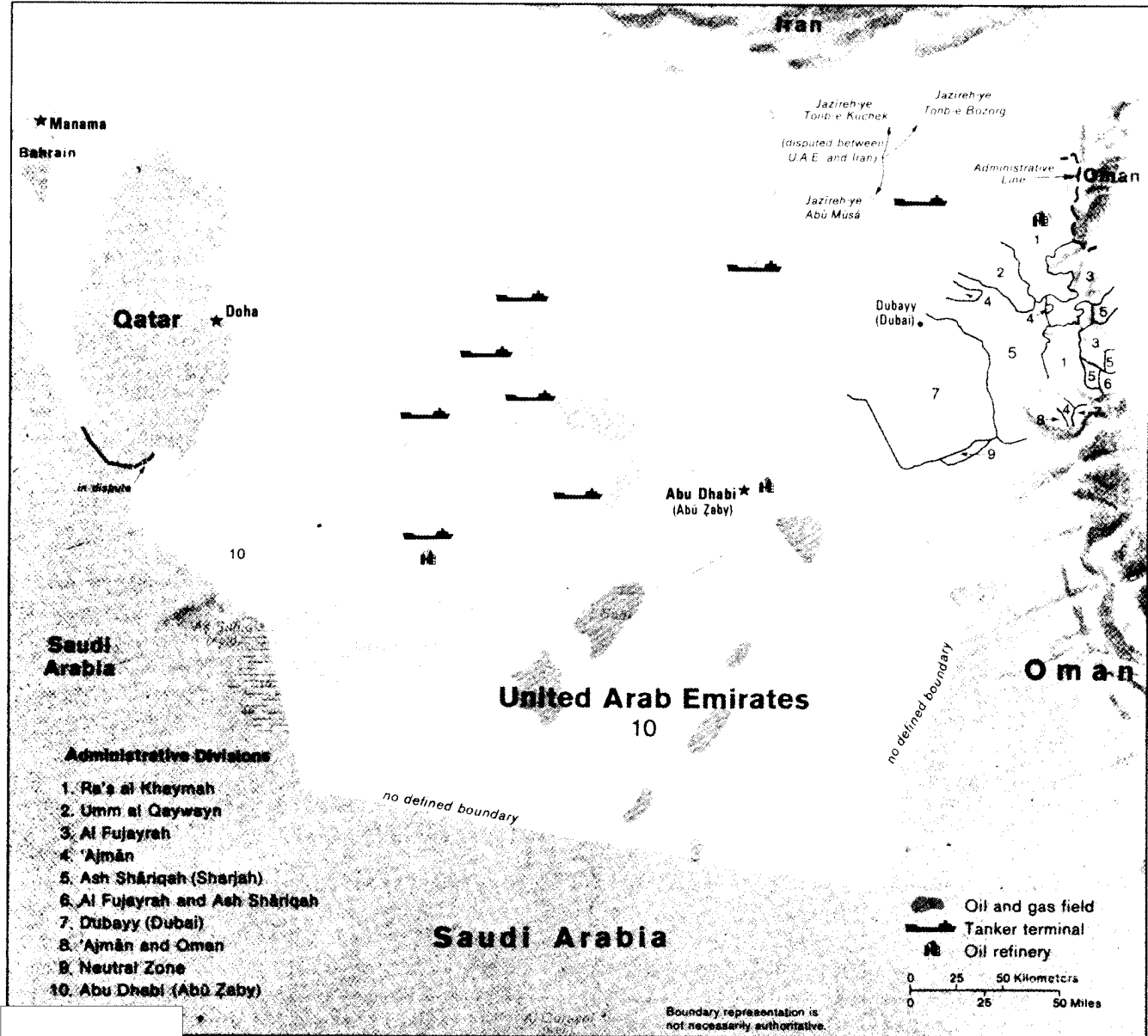
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15 February 1985

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## United Arab Emirates Oil and Gas Fields and Installations

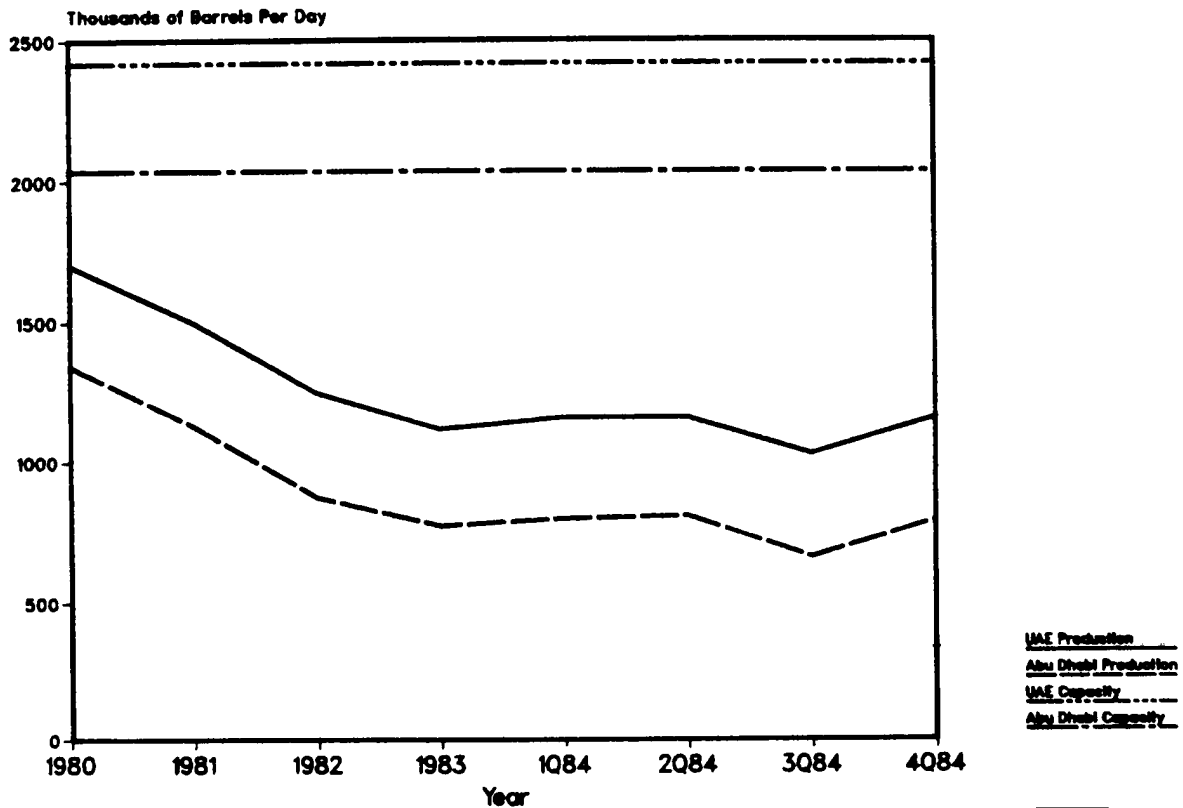


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## UAE and Abu Dhabi: Crude Oil Capacity and Production



roughly \$36 billion, an enormous cushion to offset low oil revenues. We believe that at least half of the UAE's official assets are held by Abu Dhabi.

According to the US Embassy, the economic slowdown is providing Abu Dhabi a welcome opportunity to send foreign workers home. Foreigners—mostly workers without families—represented about 80 percent of the UAE population in 1982, according to official estimates. There were nearly 1 million foreigners compared with 255,000 natives. South Asians and Iranians comprised half of the population; other Arabs, 23 percent; Western and East Asian expatriates, 8 percent; and natives, only 19 percent.

Although a breakdown of foreign workers by emirates does not exist, the problem apparently is most severe in Abu Dhabi. According to the 1982 data, Abu Dhabi had only 29 percent of the indigenous population—about 74,000—while it had the most economic activity and the largest share of foreign workers. According to US Embassy and press reporting, Abu Dhabi is tightening visa and work permit requirements, and this has caused South Asian construction workers to depart when their projects were completed rather than seek new jobs in the UAE.

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**Government Spending and Development Efforts**

The Abu Dhabi budget process consists mainly of collecting oil revenues, choosing a contribution level for the UAE Government, and allocating the remainder locally or as foreign aid. Abu Dhabi's budget revenues have fallen sharply from a peak in 1980 and 1981. They were estimated at only \$5.5 billion in 1984. The fall in revenues since 1982 pushed the budget into deficit by 1983 and forced Abu Dhabi to reduce payments sharply to the UAE. Foreign aid was slashed to negligible levels in 1984 compared with \$1.8 billion in 1981. Local expenditures, however, have not been reduced, and Abu Dhabi so far has avoided reduced spending on consumer subsidies, education, and health. [ ]

The long-term development goals of Abu Dhabi are to diversify from crude oil exports to refining and energy-intensive export industries, approach self-sufficiency in agriculture, reclaim desert land through forestry, and promote economic development in the nonoil emirates of the UAE. The soft oil market has prevented Abu Dhabi from pursuing all these goals, and Abu Dhabi is completing existing projects while postponing most new ones:

- According to the Abu Dhabi government, current priorities are the development of water resources, electric power, urban infrastructure, transport, and communications. These categories absorb about two-thirds of Abu Dhabi's development budget.
- Official project spending on the oil sector, industry, and commerce is negligible because this falls in the domain of the government-owned Abu Dhabi National Oil Company—ADNOC—or the private sector. For example, ADNOC plans to spend \$5 billion in onshore development during 1984-87, down sharply from earlier years.
- Expenditures on housing and public buildings, which peaked in 1981 at \$138 million, have plunged to about \$50 million. With housing provided for the small indigenous population, funding this sector has lost its urgency.
- With the basic infrastructure in the city of Abu Dhabi completed, the focus of development activity has moved to the agricultural center of Al Ain and the industrial city of Ruwais. [ ]

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**Greening the Desert**

*Shaykh Zayid's dream of turning the desert into croplands and forests faces a considerable challenge. Annual rainfall in Abu Dhabi ranges only between 19 and 100 millimeters, coastal areas are primarily salt marshes, and summer temperatures average 49 degrees Celsius. Although agricultural conditions elsewhere in the UAE are more favorable—for example, in mountainous, less arid Al Fujayrah—Abu Dhabi leads the other emirates in agricultural and forest development. Most of the UAE's 25,000 hectares (62,000 acres) of forest and 23,000 hectares (58,000 acres) of cropland are in Abu Dhabi. [ ]*

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*Between 1972 and 1980, average annual growth of the UAE's agricultural sector approached 25 percent. Most of the increase occurred in Abu Dhabi, where heavy subsidies were provided to producers. As a result, local production provides 88 percent of fish consumed, 38 percent of eggs, and 30 percent of fruits and vegetables. For a few months out of the year, the UAE is a net exporter of fresh fruit and vegetables. [ ]*

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*Water remains the key agricultural constraint. Agriculture accounts for 73 percent of water usage, and underground water resources—estimated at 10 billion cubic meters (340 billion cubic feet)—are being depleted at a rate of 700 million cubic meters (26 billion cubic feet) per year. Although 22 new water desalination plants are proposed for construction in the next 10 years to slow the depletion of ground water, lower oil earnings and more emphasis on water conservation are likely to delay this program. [ ]*

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**Al Ain.** Abu Dhabi's ruler Shaykh Zayid wants to make this oasis town near the Omani border an academic, agricultural, and administrative center:

- The Al Ain international airport—Abu Dhabi's second-largest airport—is scheduled for completion this year.

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- The Al Ain–Abu Dhabi highway is being repaired and widened.
- A 115-kilometer, four-lane Al Ain–Dubayy highway is under construction.

Water development projects at Al Ain are attempting to rectify past overdrilling mistakes and ensure supplies for this agricultural center. Work is proceeding to restore the aquifers by supplying the oasis with desalinated water produced on the coast. The water supply at the oasis used to support Abu Dhabi's only significant farming area and supply water by pipeline to the capital. Uncontrolled drilling, however, caused a drastic drop in the water table in the late 1970s and raised water salinity. For example, the number of water wells increased from 23—supplying 2.9 million gallons per day—in 1975, to 106—supplying 13.9 million gallons per day—in 1980.

**Ruwais.** Located about 250 kilometers west of the city of Abu Dhabi on a coastal salt marsh, Ruwais contains most of Abu Dhabi's heavy industry. The city is adjacent to the oil export terminal at Jebel Dhanna and has access to natural gas from nearby onshore oilfields as well as from the recently developed Thamama C gasfield. Ruwais contains the larger of the UAE's two refineries, with a capacity of 120,000 b/d. The refinery is being upgraded with a hydrocracker to produce a wider range of light petroleum products with completion planned for this year. Ruwais Fertilizer Industries (Fertil)—a joint venture between ADNOC and Compagnie Francaise des Petroles—completed construction in January 1984 and began producing ammonia and urea fertilizer for export.

Development at Ruwais is being slowed by falling oil revenues and the worldwide petrochemical glut. Five years ago Ruwais was envisaged as a petrochemical and industrial center like Jubail in Saudi Arabia, but this will not occur anytime soon. Despite readily available feedstocks, Fertil has no plans to expand its facility. Plans for a petrochemical industry also have been dropped as has a proposal to build a steel mill.

### Economic Outlook

Abu Dhabi's oil revenues and GDP are likely to decline significantly in 1985. It will probably absorb most if not all of the OPEC-mandated production cuts for the UAE. Moreover, Abu Dhabi probably will have to offer price discounts to sell in the glutted world oil market. Despite further revenue declines, Abu Dhabi is unlikely to experience serious economic stress because of its large financial reserves. Lower oil revenues will reduce job opportunities for foreign workers, and perhaps as many as 200,000—one-fifth of the expatriates—could depart the UAE this year, a large share from Abu Dhabi. Construction on existing projects will be slowed, excepting water and power facilities, and few new projects will be started.

In the event that the price of oil tumbles, Abu Dhabi will face major decisions about oil production levels, import cuts, and foreign asset drawdowns. Unlike some oil producers, Abu Dhabi has substantial excess oil production capacity and is likely to boost output. An oil production level of 585,000 b/d implied by OPEC's quota set in November 1984 would represent only 29 percent of Abu Dhabi's 2-million-b/d production capacity. For example, with oil priced at \$20 per barrel, Abu Dhabi could easily increase output by 360,000 b/d to maintain annual oil revenues.

### Abu Dhabi Within the UAE

Abu Dhabi is the largest and richest emirate within the UAE and is the UAE's mainstay. The city of Abu Dhabi is the UAE's capital, and Shaykh Zayid is the UAE's President. Abu Dhabi contains 87 percent of the UAE's land area, 43 percent of its population, and provides 75 percent of the federal government budget—about \$2.6 billion.

Abu Dhabi's wealth and its large share of the UAE budget have led to a continuing controversy within the UAE. The poor, non-oil-producing emirates in the UAE expect—and get—support from Abu Dhabi. At the same time, oil-rich Dubayy tries to contribute as

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little as possible. Under the UAE agreement, half of each local government's revenue should be contributed to the UAE Government. Abu Dhabi, however, was the only contributor until 1980, when Dubayy started to make contributions. Persistent financial squabbles between Abu Dhabi and Dubayy have caused spending delays. Last fall the difficulties even led to power outages in some of the poorer emirates when their subsidies to buy natural gas were held up. [REDACTED]

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Other conflicts between the two richest emirates exist which reduce the UAE's effectiveness. Abu Dhabi favors economic, political, and military integration of the emirates, while Dubayy's ruler and UAE Vice President Shaykh Rashid seeks to maintain emirate rights that predate the UAE agreement of 1971. For example, Abu Dhabi has pursued integrating local forces into a unified UAE force that can cooperate with neighboring Gulf states. Dubayy has resisted integrating its security forces into the UAE services. In OPEC meetings, Abu Dhabi represents the UAE and generally has supported OPEC policies. For example, Abu Dhabi has absorbed substantial oil production and revenue cuts to keep the UAE within OPEC production ceilings, while Dubayy has produced near full capacity. We expect closer UAE cooperation will not be possible until the seriously ill Shaykh Rashid is replaced by one of his sons, but, even then, Dubayy's new ruler is unlikely to surrender much of its autonomy. [REDACTED]

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## Iran: The Kurdish Resistance Hangs On [ ]

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Tehran announced in October that a major offensive had crushed the Kurdish resistance in Iran. With the arrival of winter, however, the Iranian Kurdish rebels have staged a comeback. Operating in deep snow and biting cold, they are assaulting Iranian units and in some instances inflicting heavy casualties. Iran has employed scorched-earth tactics that have cost the guerrillas support among the local Kurds, but these measures have increased the Kurds' hatred for the Iranian Government. In the end, it appears Iraq is the major beneficiary of the inconclusive struggle. [ ]

### Background

Tehran has been trying for five years to crush the Kurdish resistance in its northwestern provinces. Last year's attempt was the most ambitious so far. The government employed regular Army forces, Revolutionary Guards, Basij militia, and gendarmes. [ ] as many as 40,000 troops took part in a three-pronged assault. The Iranians directed fighter-bombers, helicopter gunships, and artillery against the guerrillas. [ ]

The government forces struck against the Kurds in mid-May, catching them off guard. The guerrillas apparently believed Tehran was focusing its attention on a long-expected offensive against Iraqi defenses at Al Basrah. Tehran, however, decided—apparently because of superior Iraqi firepower—to forgo this attack. [ ]

Hardest hit in Iran's offensive against the Kurds was the Mount Ararat guerrilla group operating near the north end of Lake Van. The rebel leader in the area, Sanar Mamadi, and some of his men fled to Turkey and requested asylum. Slightly to the south, the main guerrilla force—led by Adur Rahman Qasemlu—also sustained losses. Qasemlu's fighters gave up many important bases but managed to hold on to their headquarters in the Mahabad sector near Lake Urumiyah. [ ] A

smaller radical Kurdish group, the Komala, apparently was only slightly involved in the fighting. [ ]

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The Iranian Government announced in October that the Kurdish resistance was crushed. An official spokesman claimed that a 2,000-square-kilometer area had been cleared, rebels had been flushed from 70 villages, and some 180 of the rebel leaders had been captured or killed. [ ]

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The Iranian victory claim proved premature. In December the Kurds returned to battle. [ ]

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[ ] government forces became immobilized by heavy snow, which did not deter the guerrilla fighters. They harassed isolated Iranian units, ambushed convoys, and in some instances entered cities by day to cut up Iranian garrisons. Qasemlu claimed publicly last month that his guerrillas were on the offensive everywhere. He boasted that the government forces had lost their zeal and that the resistance soon would recover the territory it had lost. [ ]

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### The Guerrillas' Position

The ability of the Iranian Kurdish guerrillas to recoup has—in our view—been impressive. Their decision to fight on through the winter—when Kurds normally lie low—indicates that their will to resist remains firm. The Iranian Kurdish resistance is now almost completely mobile. Having given up many of its secure bases, it is mounting hit-and-run attacks against the government forces, but it cannot control the major cities and roads. [ ]

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At the same time, Qasemlu's boasts are exaggerated. [ ] the guerrillas have been hurt by the successive Iranian offensives, and their

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support among the Kurdish population is shrinking. Iran has pursued a scorched-earth policy against civilian Kurds in the northwest for the past two years. [redacted] in the latest offensive, government troops burned farms and slaughtered the cattle of farmers believed to be aiding the guerrillas. These tactics succeeded in driving a wedge between the Kurdish rebels and their popular base. [redacted]

### Tehran's Tenuous Control

Tehran's harsh tactics, however, have proved a two-edged sword. They have cowed many Kurds into withholding support for the guerrillas, but they also have fanned Kurdish hatred for the government in Tehran. The comment of [redacted]—seems typical, "Give us weapons, and we will kill these dogs [the Iranians]." [redacted]

It is likely that, if Tehran relaxed control of the northwest, the local population would quickly resume supporting the guerrillas. Tehran thus is committed to keeping a strong troop presence in the area. At the least, it must control the major cities and main roads, and this is proving costly in terms of pursuing the war against Iraq. [redacted]

### Iraq's Gain

Iraq seems ideally served by the present situation in Iran's Kurdish districts since Baghdad wants the Iranians pinned down in the area. At the same time, however, Baghdad probably would not support a successful popular revolt by Iran's Kurds. Iraq has a large and potentially rebellious Kurdish minority of its own. A successful Kurdish revolt in Iran almost certainly would increase prospects of a similar rising of Iraqi Kurds [redacted]

It is likely, therefore, that Baghdad will continue sending only limited aid to Qasemlu's estimated 10,000 guerrillas. It will supply them with light weapons and some financial subsidies. Wounded guerrillas also will be treated at Iraqi hospitals. If they are hard pressed—as they were in the latest offensive—Baghdad will permit them to retreat into Iraq to regroup before returning to the attack. [redacted]

### Outlook

We believe that the guerrillas will continue to harass the Iranians throughout the winter and, in the spring, will melt back into the mountains along the Iraqi border, emerging to conduct surprise attacks against Iran's forces. At the same time, Iran will launch another attempt to wipe out the guerrillas. Unless the resistance fighters err and allow themselves to be trapped, it is not likely that Tehran will finish them off. [redacted]

We believe that, as long as Qasemlu's guerrillas are determined to go on fighting and Iraq is willing to subsidize them, there is not much Tehran can do to end the rebellion. As in most insurgencies, it is extremely difficult to wipe out a guerrilla force as long as it has a friendly, open border at its back. [redacted]

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## Ahmad Shah Masood: A Leader for the Afghan Resistance?

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Panjsher Valley insurgent commander Ahmad Shah Masood—head of the Jamiat party insurgents in Kapisa Province—may be the insurgent leader most capable of developing widespread cooperation among the guerrilla factions inside Afghanistan. Masood has made extraordinary efforts to expand his organization and build alliances. The unevenness of his success, however, clearly shows that achieving major gains in insurgent cooperation will be a long-term process.

### Building Cooperation

Masood's plans for developing cooperation cover the non-Pashtun areas of the northeastern provinces—Balkh, Samangan, Konduz, Takhar, Badakhshan, Baghlan, Kapisa, Laghman, and Konarha—and he has concentrated on areas adjacent to the Panjsher Valley. Masood offers military training, weaponry, and organizational expertise to induce cooperation, although he has also used military force on occasion. Masood observed last fall that the Soviet Panjsher VII offensive had interrupted his efforts to strengthen ties, but he claimed to have gained control of several groups—mainly Jamiat—in Takhar and Badakhshan Provinces.

We believe Soviet military pressure has helped Masood expand cooperation and overcome some of the longstanding enmity between the Jamiat and various Hizbe Islami groups. (Hizbe Islami, like the Jamiat party, belongs to the fundamentalist alliance but is more rigid and uncompromising than the Jamiat. Of the two Hizbe factions, the more rigid is led by Gulbuddin Hekmatyar; the less rigid, by Yunus Khalis.) during Panjsher VII, groups affiliated with Hizbe Islami leader Gulbuddin, Hizbe Islami leader Khalis, and a moderate group, among others, helped the Panjsher insurgents by attacking bridges and Soviet

fuel supplies. groups from neighboring provinces helped evacuate civilians from the Panjsher Valley before the Soviet offensive.

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Gulbuddin's commanders launched major attacks in three areas near the Panjsher Valley,

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### Obstacles to Effective Alliances

In our view, Masood's difficulties in extending ties with other insurgent groups arise from several factors.

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Although Masood has good relations with some Hizbe Islami groups in the Gulbuddin faction, others have continued to disrupt his supply lines and attack his men.

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**Cultural and Ethnic Differences.** The cultural isolation and low social status of Panjsheris, who are Tajiks, probably inhibit non-Panjsheris from accepting Masood's leadership and may impede others' willingness to form alliances with him.

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the Panjsheris' social status is only slightly above that of the Hazaras, who serve in the most menial occupations and are discriminated against because of their Mongoloid features and Shiite religion.

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Pashtuns are

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willing to intermingle with all Central Tajik groups except the Panjsheris. Though Tajiks are detribalized, their local loyalties may be as strong as Pashtun tribesmen's and their outlooks as parochial, according to Western academicians. [redacted]

Religious differences with fundamentalists have also impeded Masood's efforts to extend his power. [redacted] conservative religious leaders in Badakhshan Province acted last summer to limit Masood's influence. [redacted] conservative mullahs have opposed Masood because of his willingness to negotiate with the Soviets. [redacted]

**Political Competition, Rivalry.** We believe that, because most areas of Afghanistan have become organized by or affiliated with one group of insurgents or another, Masood's goal of establishing new bases has grown more difficult to fulfill. Even among Tajiks and Uzbeks—the ethnic groups most likely to ally with Panjsher Tajiks—Masood faces difficulties. In Faryab Province in 1982 and 1983, for example, fighting broke out after organizers from one group tried to establish bases of support in villages where other groups were already established. [redacted]

[redacted] One group soon devoted its efforts to intimidating groups that were less well armed and to frustrating their attacks on government positions. [redacted]

Rivalries—including some that were aggravated by Masood's truce with the Soviets during 1983—have also hampered Masood's efforts. Abdul Haq, the influential commander of the Hizbe Islami faction of Khalis in Kabul Province, said that he viewed the truce as collusion with the Soviets. [redacted]

[redacted] the Jamiat commander in Laghman Province was unhelpful to Masood because last summer he was preoccupied with a struggle against a Hizbe Islami rival. [redacted] Masood's influence in Badakhshan Province is limited by conflicts among Jamiat commanders. In Kapisa Province civilians were withholding cooperation with insurgents until they could see a winner emerge in the Panjsher insurgents' struggle against local Hizbe Islami commanders. [redacted] the

Soviets and the Afghan regime attempt to exploit rivalries by bribery and spreading falsehoods. [redacted]

#### Poor Tactics: The Andarab Valley

Although Western observers describe Masood as having grown more aware of the need for civilian support and more careful in his diplomacy, earlier errors of judgment may still be costing him support and hampering his efforts, especially in the Andarab Valley. Strategically one of the most important areas adjoining the Panjsher Valley, the Andarab offers access to the Panjsher insurgents' rear base at Khost-e Fereng as well as an abundant source of food. [redacted]

[redacted] Masood first sought control of passes into the region and provided arms to poor farmers and villagers in the tributary valleys to obtain their support. These tactics aroused the suspicions of the ruling landowners, who believed Masood planned to subdue the valley by force.

Masood next tried to recruit a local insurgent whom the landowners believed to have ties to the Soviets, causing the traditional leaders to perceive Masood as a leftist and fear losing their property and influence. Their subsequent support for the Hizbe Gulbuddin faction has continued to plague Masood. Last fall Kabul media reported that the Hizbe Islami Gulbuddin commander in the Andarab had defected to the regime. [redacted] Masood

has continued to be hampered periodically in efforts to move men and supplies through the Andarab. [redacted]

Even if Masood had used better judgment, he would have faced several obstacles to winning the support of the Andarab Valley inhabitants. [redacted]

[redacted] a wide valley floor and low mountain crests leave the Andarab—unlike the Panjsher—highly vulnerable to air and ground attacks, and fear of retaliation has made the inhabitants reluctant to participate actively in the insurgency. [redacted]

Andarab Valley residents include few former urban dwellers, and the residents have maintained their traditional suspicion of outsiders. Another obstacle for Masood was that the valley had already been

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organized by Hizbe Islami insurgents of the Gulbuddin faction and a moderate group before he began his efforts. [REDACTED]

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**Outlook**

Cooperation among insurgents inside Afghanistan—even in areas with a strong leader such as Masood and even with an increased Soviet military presence—will probably continue to evolve only gradually. Masood's efforts to achieve a coordinated, interregional insurgency will continue to be hampered by personal, ideological, religious, cultural, and ethnic differences. Soviet and Afghan regime attempts to exploit those differences will also slow the development of alliances. If Masood were to die, the alliances he has established would probably have to be renegotiated by his successor. [REDACTED]

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## Pakistan: Elections at Last

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President Zia should score a political victory in the nonparty national and provincial elections scheduled for late February, in part simply by securing a respectable turnout. Attempts by the opposition Movement for Restoration of Democracy (MRD) at disrupting the elections are foundering, and its leaders are beginning to look to the future. We believe the opposition could revive, particularly if Zia decrees major constitutional changes. Key generals, already concerned with Zia's concessions to the opposition, may be tempted to move against him if the new assemblies become difficult to control.

### Election Mechanics

Buoyed by his recent referendum victory confirming him in office through 1990, President Zia announced that the first National Assembly election since he seized power in 1977 would take place on 25 February. Provincial assemblies will be elected three days later and will in turn elect the Senate in mid-March.

The National Assembly will contain 237 delegates—207 seats for Muslims and 10 for minorities.<sup>2</sup> Twenty seats reserved for women will be selected by the new Assembly (women may also run for unreserved seats). Punjab Province dominates with 127 seats; Sind, the next most populous province, receives 50. The 10 seats allotted to religious minorities will be elected at large, which could increase Punjab's margin. The Senate

will have 83 members—19 from each province, five from the federally administered tribal areas, and two from Islamabad.<sup>3</sup>

Zia declared the elections would be nonparty, and he undercut the opposition's ability to appeal to public sympathy on this point by unexpectedly withdrawing two controversial restrictions on candidacy. These restrictions banned most officials in parties not registered in 1979—a prohibition affecting most parties in the MRD, which includes most center and leftist parties—and excluded senior officials from the Bhutto era. The latter exclusion would have barred most leaders of the Pakistan People's Party (PPP), the leading opposition party and the moving force in the MRD. The only remaining grounds for disqualifying Muslim candidates found by the Election Commission to be of "good Islamic character" are convictions for election irregularities in the 1977 election.

To further reduce party identification, the government disallowed candidate use of party symbols; it issued candidates new symbols at random. The voters will signify their choice by rubberstamping a candidate's symbol on the ballot.

### The Campaign

The government is tightly controlling campaigning. Rallies and processions are not allowed, but candidates and their representatives may canvass door to door. The press may not publish statements by "individuals not participating" in the election—a measure aimed at MRD leaders. Authorities backed the order with threats to remove government advertising from violators, journalists tell US diplomats.

<sup>2</sup> Ahmadis are not recognized as Muslims under Pakistani law. None have filed for minority seats.

<sup>3</sup> The provincial assemblies will be elected in the same manner, with 260 seats for Punjab, 118 for Sind, 85 for the North-West Frontier, and 41 for Baluchistan.

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The Federal Election Commission imposed very low ceilings on campaign spending—\$2,600 for National Assembly seats and \$1,620 for provincial assembly seats. Violators can be denied their seats. The US Consulate in Lahore notes the limits have been widely flouted. They could be invoked after the fact to frustrate candidates unacceptable to Zia. [ ]

Seventy-five percent of the candidates—1,093 for the National Assembly and 3,631 for the provincial assemblies—are running for the first time, US diplomats report. Many, however, are drawn from the Federal Advisory Council and the municipal councils that Zia has created. [ ]

The legislative races have stressed personality over issues, according to US diplomatic reporting. Candidates are drawing upon family, caste, and party ties (even if left unstated) for support. They have avoided such controversial issues as Afghanistan, the refugee problem, and provincial-federal relations. Press accounts indicate they are concentrating on local issues like sanitation, education, and property rights. [ ]

#### Zia's Support

The elections appear to be acceptable to most conservatives, small merchants, and businessmen, who mostly support the religious parties and the various factions of the Pakistan Muslim League, which governed Pakistan during the 1950s. All have benefited from increased stability and a healthy economy under Zia. US diplomats also note that large landholders who dominate traditional caste and family groups are well represented in the national and provincial races. The US Consulate General in Lahore estimates that the landholders will be the most important force in determining both rural and urban races in Punjab Province. [ ]

The Jama'at-i-Islami, Pakistan's strongest religious party, has agreed to play by Zia's rules. Jama'at leaders say they would have preferred party-based

\*Much of the leadership of the Pagaro faction in Punjab are sitting out the election. They are protesting the Punjab Province Financial Minister's diversion of government resources to his campaign, according to press accounts. [ ]

elections but accepted nonparty elections to ensure the end of martial law and the restoration of democracy. [ ]

Jama'at leaders hope to gain ground on the PPP as does the Pagaro faction of the Pakistan Muslim League (PML), the other major party to participate.<sup>4</sup> Both gamble Zia will give the new assemblies enough power to repay them for joining their fortunes to his. According to press and diplomatic reports, 53 Jama'at and 68 PML candidates are running for National Assembly seats with a similar pattern visible in provincial races. [ ]

Leaders of two remaining large religious parties, the Jamiat-ul-Ulema-i-Pakistan and the majority faction of the Jamiat-ul-Ulema-i-Islam (a smaller faction is in the MRD) condemned the nonparty format and announced they would not participate. US diplomats report, however, that many rank-and-file members are not going along with a boycott, which they fear will only benefit the MRD. [ ]

#### MRD Woes

The MRD is attempting to persuade the public to boycott the elections, but we believe this effort will fail. On 19 January its Central Committee meeting in Abbottabad declared elections would be acceptable only if held under the 1973 Constitution using election rules in force before the military takeover. The MRD denounced Zia's format as a hoax designed to secure pliant assemblies and perpetuate his rule while undermining the Constitution. They hope that turnout will prove so low that Zia will be discredited and the public will reject the new assemblies as illegitimate. [ ]

Zia, [ ]

[ ] turned the full weight of the government against the Movement after the Abbottabad declaration. Almost the entire leadership of the Movement at the national and provincial level has been arrested. The few MRD leaders not detained tell US diplomats that the arrests and government press

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restrictions have severely curtailed their efforts to publicize the boycott, forcing them to rely largely on handbills and word of mouth. [REDACTED]

coalition's disintegration and widen fractures within the PPP between its Sindhi and Punjabi factions. [REDACTED]

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US diplomats in both Punjab and Sind Provinces report that MRD ranks have held unexpectedly firm. Few politicians identified with MRD parties have defected, though some large landholders in Punjab are protecting their interests by using stand-ins. [REDACTED]

We are less confident, however, that Zia has found the answer to Pakistan's lack of a stable governing consensus. The new assemblies are likely to lack political identity, and the initial absence of strong party lines is likely to foster divisions along caste, religious, and provincial lines, particularly in Baluchistan and the North-West Frontier Province. Sind's place in Pakistan could also become a very thorny issue in the late 1980s. Tensions would increase if the economy deteriorates as worker remittances decline. [REDACTED]

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The MRD strategy has worked best in Sind Province, where the Pakistan People's Party remains the dominant political force and anti-Punjabi sentiment adds an extra dimension to opposition against Zia, and in Baluchistan. The US Consulate General in Karachi reports that 70 percent of the delegates from previously elected assemblies—most PPP members—are boycotting. Very few PPP figures of note are participating directly or indirectly. In Baluchistan the boycott caused almost all of the delegates from the two previous National Assemblies to stay out, benefiting local tribal leaders. [REDACTED]

We doubt that either the national or provincial assemblies will be as tractable as Zia envisions. They will be jealous of their constitutional prerogatives and could strongly resist Zia's plans to amend the Constitution and limit their power. [REDACTED]

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The Movement's success in persuading members to hold firm masks a greater failure to reach the public, we believe. A recent opinion poll suggests that the PPP has a growing negative image, the Jama'at is gaining on it in popularity, and voters like Zia's Islamization policies. Ties to the PPP have hurt the credibility of moderate MRD politicians because many supporters remain hostile to the PPP. MRD moderates in Punjab tell US diplomats they believe the poll may accurately reflect attitudes of their party members. [REDACTED]

A truculent National Assembly could also cause the generals to reconsider their support for Zia. We do not believe, however, that the generals would act unless they determined that Zia had lost control and the National Assembly began attacking fundamental Army interests such as by investigating military activities during the martial law period. [REDACTED]

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#### Outlook

Over the short term, Zia will have dealt the old-line parties a serious blow by successfully conducting local, provincial, and national elections despite their opposition. He may be in the process of creating a new political framework that could render them irrelevant, a fear some party leaders have expressed to US diplomats. [REDACTED]

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[REDACTED] Another defeat for the MRD following the December referendum should accelerate the

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**India: Artillery Modernization** [REDACTED]

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The Indian Army has been only partly successful in providing its artillery regiments with greater firepower and mobility—the two principal objectives of its modernization program. Although the Army has acquired some new, larger caliber weapons, delays have occurred in the production of self-propelled guns and in the selection of a new 155-mm howitzer—already in the Pakistani inventory. New Delhi's decision on this latter weapon system could be an important indication of the new government's attitudes toward arms purchases from France and the United States. [REDACTED]

**Increased Firepower**

[REDACTED] Because Air Force and Army operations are run by separate regional service commands, Indian Army commanders do not have ground support aircraft dedicated to their operations. Lacking dedicated air support, Army commanders must rely heavily on fire support from artillery units. [REDACTED]

The Army has made a considerable effort to increase the size and power of its artillery forces since the 1971 war with Pakistan. We estimate [REDACTED] that the Indian Army has about 2,700 artillery weapons deployed with 150 artillery regiments.<sup>1</sup> This represents roughly a 40-percent increase from 1974. Four new artillery regiments have been raised in the last two years alone. We estimate that India also has over 1,100 artillery pieces—mostly older British and Soviet models—in storage. Almost half of all Indian artillery regiments are positioned in the northwest along the border with Pakistan. Another 20 percent are assigned to the Army's Central Command, which serves as a strategic reserve. [REDACTED]

<sup>1</sup> This does not include mortars or air defense artillery. [REDACTED]

The Army has increased the firepower of its artillery regiments by equipping them with modern, larger caliber weapons. Indian plans call for British 25 pounders, 5.5- and 7.2-inch guns, Soviet 100-mm guns, and Indian 75-mm pack howitzers to be replaced with Indian 105-mm field guns, Soviet M-46 130-mm guns, and Western 155-mm howitzers. [REDACTED]

[REDACTED] more than half of India's artillery regiments are already equipped with either standard or lightweight Indian 105-mm field guns or Soviet M-46 guns (see table). Preference has been given to modernizing regiments closest to the Pakistani border. In many cases regiments equipped with guns of different calibers have been formed into brigades capable of providing a wide variety of fire support. [REDACTED]

Procurement of Soviet D-30 122-mm howitzers and BM-21 multiple rocket launchers (MRLs) has also increased the firepower of the Indian artillery forces but clouded plans for artillery standardization. New Delhi purchased 200 D-30s in 1980 and has taken delivery of about 70, but none have yet been deployed. The BM-21 MRLs have been fielded in regimental units assigned to three independent artillery brigades opposite Pakistan. [REDACTED]

**But Not Mobility**

Failure to deploy self-propelled guns and howitzers has been the biggest shortcoming of India's artillery modernization effort. Only two regiments armed with British 105-mm self-propelled guns purchased in 1974 are deployed, one with each of India's two armored divisions. Efforts to field the indigenously manufactured 130-mm Catapult self-propelled gun probably have run into technical and production problems. Although this weapon has been in [REDACTED]

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production for several years [redacted]  
[redacted] only small numbers of Catapults at test and  
production facilities and with deployed Army units.  
[redacted]

India has also procrastinated in its choice of a new 155-mm howitzer. New Delhi received eight bids for an estimated purchase of 200 self-propelled and 200 towed howitzers in 1978 and narrowed its choice to four suppliers—Austria, United Kingdom, France, and Sweden—last September. France was the leading contender among the remaining suppliers. The US Embassy recently reported, however, that an Indian defense procurement firm wants to revive the US 155-

mm howitzer bid that was significantly lower than any of the other competitors but was rejected for political reasons. According to the Indian firm, the Ministry of Defense is reviewing its September decision with an emphasis on cost. [redacted]

#### Prospects

Continued delays in fielding 155-mm howitzers as well as 130-mm self-propelled guns will impede the evolution of the traditionally infantry-oriented Indian Army into a modern mechanized force. The absence

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### Indian Army Artillery Regiments

	Gun/Howitzer						Total
	25 pounder	75 mm	105 mm	130 mm	5.5 inch	MRL	
<b>Total</b>	<b>25</b>	<b>23</b>	<b>39</b>	<b>38</b>	<b>5</b>	<b>3</b>	<b>133<sup>b</sup></b>
Northern	8	6	7	7	3	1	<b>32</b>
Western	8	0	13 <sup>a</sup>	18	1	1	<b>41</b>
Central	1	6	13 <sup>a</sup>	8	0	0	<b>28</b>
Southern	8	0	6	5	0	1	<b>20</b>
Eastern	0	11	0	0	1	0	<b>12</b>

<sup>a</sup> Includes one regiment with 105-mm self-propelled guns.

<sup>b</sup> An additional probable 17 regiments are unlocated.

[REDACTED]

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of self-propelled artillery capable of keeping up with highly mobile tanks and armored personnel carriers will prevent the Indian Army from exploiting the full potential of the armored and mechanized divisions and brigades it has raised since the 1971 war to conduct more rapid and decisive operations. [REDACTED]

The Indian Government's apparent decision to review the 155-mm howitzer procurement process may be related to last month's spy scandal, which involved foreign efforts to collect intelligence on Indian arms purchases. The new Gandhi administration may use the opportunity to punish Paris. At the same time, Rajiv has indicated a willingness to establish a more balanced relationship with the United States and the

Soviet Union; a major arms purchase from the United States could be a symbolic step. It is less likely that the review will provide the Soviets with an opportunity to press for selection of their D-20 152-mm howitzer. [REDACTED]

[REDACTED] The Soviets were also implicated in the spy scandal, and purchase of even a limited number of 152-mm howitzers would increase the number of artillery weapons with different calibers in the Indian inventory. [REDACTED]

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## Egypt's Air Defense Program Ending in Sudan [REDACTED]

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Egypt's decision to terminate air defense assistance to Sudan and to withdraw its men and equipment from Khartoum in late February will not significantly alter Egyptian-Sudanese relations. Shared security concerns will continue to drive the relationship, overriding even the misperceptions and lack of understanding that caused the air defense effort to founder. Egypt, however, is unlikely to attempt other similarly ambitious programs with Sudan. We believe Cairo will instead seek to convince both Washington and Khartoum that a strengthened Egyptian military is Sudan's best protection against Libyan aggression. [REDACTED]

### The Egyptian Effort

Egyptian Defense Minister Abu Ghazala arrived in Khartoum the day after the Libyan bombing of Omdurman on 16 March 1984. He made an apparently unsolicited offer of an air defense system to protect the Sudanese capital. Within a week, two Egyptian SA-7 platoons (about 50 men) arrived to protect Khartoum International Airport and the Wadi Seidna airbase, and Abu Ghazala had requested US assistance to airlift an entire SA-2 brigade to Khartoum by 24 March. He confidently predicted that the Egyptian brigade would be operational within a month of arrival and that its equipment could be turned over to the Sudanese after about eight months of training. [REDACTED]

The first Egyptian radar arrived in Khartoum in early April, along with support personnel and a site selection team. In May a complete engineer battalion (500 men) with its equipment arrived in Khartoum to prepare quarters for the SA-2 brigade. Construction of this support facility proceeded slowly, and it was less than one-fourth complete when Egypt withdrew the first SA-7 platoon in August. No further progress was evident at either the support site or the SA-2 site by the time the second SA-7 platoon was withdrawn in December. Last month Khartoum was notified that

all Egyptian personnel and equipment (including the radars) would be removed from Sudan by the end of February. [REDACTED]

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### The Sudanese Reaction

We doubt the Sudanese were surprised by either the delays in the Egyptian program or its cancellation. We believe Egypt's unwillingness to actively support the anti-insurgent campaign in the south and its cash-only policy for arms transactions with Sudan probably led Sudanese military officials to question Egypt's motives and depth of commitment. The Sudanese Acting Director of Military Intelligence, for example, complained shortly after Abu Ghazala's visit that Egypt's assistance was simply an effort to foist old equipment on Sudan. [REDACTED]

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### Reasons for Failure

Defense Minister Abu Ghazala and Armed Forces Chief of Staff El-Orabi offered the following reasons for withdrawing the Egyptian units from Sudan:

- The Sudanese had made no effort to deploy any of their own air defense equipment from Port Sudan to Khartoum.

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- Sudan did not receive the \$150 million it expected from Saudi Arabia to purchase Egyptian equipment and to maintain Egyptian personnel in Khartoum.
- The Egyptian radars in Sudan were of little use without the SA-2 missiles.
- Sudanese vacillation and indecision continued to unnecessarily delay Egyptian planning and assistance.
- Sudan's depressed economy forced Egypt to expend its resources on supporting Egyptian troops in Khartoum rather than on constructing missile sites.

[REDACTED]

We believe the following also probably affected Egypt's decision:

- Concern that this program would require constantly increasing resources with little likelihood it would ever provide an effective air defense for Khartoum.
- Doubt that the Sudanese would ever be capable of assuming control of this air defense system, thus requiring a near-permanent Egyptian military presence in Sudan.
- Concern that Nimeiri would view such a continuing Egyptian presence as tacit approval of his policies, including those regarding the southern insurgency.

[REDACTED]

#### Outlook

Sudanese disappointment over the withdrawal of Egyptian forces is likely to be tempered by Khartoum's initially low expectations of the program's success and the realization that the program at least resulted in tangible—albeit mostly symbolic—evidence of Egypt's willingness to defend Sudan. In any event, the Sudanese recognize they have little choice but to continue to rely on Egypt, given Sudan's location and its relations with its neighbors.

[REDACTED]

We believe Egypt's strategic interests in Sudan—the unhampered flow of the Nile River and the presence of a friendly regime in Khartoum—will continue to ensure Egyptian concern about security threats to Sudan. We believe, however, the Egyptian military now recognizes that any program as ambitious as the air defense effort would be impractical because of the amount of logistic and materiel support required to compensate for Sudan's lack of economic infrastructure. Egyptian military assistance to Sudan, therefore, is likely to remain at the levels that traditionally have permitted Cairo to minimally assist the Sudanese military while avoiding entanglement in Sudanese internal problems. In the meantime, we believe Egypt will continue to seek US assistance to strengthen its defenses, contending that a strong Egyptian military is the most effective way to deter Libyan aggression against Sudan.

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**Egypt: Police Morale Problems** [ ]

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Egypt's police are disturbed by what they perceive as a lack of high-level support, particularly for their efforts to control student, labor, and prison disturbances. [ ] some senior police officers are openly criticizing Interior Minister Rushdi for his apparent unwillingness to defend them against public criticism and judicial infringements on police prerogatives. We believe Rushdi's efforts to place loyal supporters in key positions and to impose his own management style on the Ministry are the cause of much of this dissatisfaction. We also believe that President Mubarak supports Rushdi's actions because they enhance Egypt's good human rights reputation. [ ]



Minister of Interior Sygma ©  
Ahmad Rushdi [ ]

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**Sources of Discontent**

Egyptian courts and media have heavily criticized the internal security apparatus over the last year for its conduct during investigations and handling of civil disturbances.<sup>1</sup> Even more disturbing [ ]

[ ] however, has been the government's apparent unwillingness to stifle this criticism and otherwise appear more supportive of the police. Specifically:

- The State Supreme Court on 30 September 1984 announced it had reduced the sentences of the Al-Jihad defendants because the police had tortured most of them to obtain confessions.<sup>2</sup> The court said this "ruthless assault" on the defendants represented a grave threat to human rights and the rule of law, and it called for an immediate investigation by the Justice Minister to identify those involved. [ ] in December the State Security Prosecutor indicted 15 police officials (including three secret police

generals) on charges they committed or countenanced the torture of the Al-Jihad defendants.

- As part of the Al-Jihad decision, the Supreme Court also charged that the security services' failure to prevent the defendants from becoming a threat to the public in the first place was due to a "breakdown in the performance of these organizations at all levels, resulting in grave damage to the security of society." We are unaware of any public response to this charge by the Interior Minister.
- Egyptian courts throughout 1984 dismissed other cases where confessions had been obtained through torture. In some instances defendants were even awarded compensation. Critical, detailed accounts of these cases frequently appeared in the opposition press.

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<sup>1</sup> Interior Ministry components of the internal security apparatus are the National Police (law enforcement), the Central Security Forces (riot control), and the General Directorate for State Security Investigations--Egypt's secret police. [ ]

<sup>2</sup> The Al-Jihad case began in 1982 with the indictment of over 300 persons for conspiracy in the assassination of President Sadat in 1981. [ ]

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**Maj. Gen. Ahmad Rushdi**

*Maj. Gen. Ahmad Rushdi, a career police and security officer, heads the ministry responsible for law enforcement, maintaining internal security, and preserving public order. According to US Embassy officials in Cairo, he has declared the enforcement of civil discipline to be his top priority. He has already launched a highly publicized campaign to unsnarl Cairo's chaotic traffic, reduce violations of public order ranging from pocket picking to smoking in movie theaters, and halt the use of farmland for urban development. Although this campaign appears to be generally popular with the public, many of Cairo's residents doubt that it will be any more lasting or successful than previous schemes to bring order to city life. We believe, nonetheless, that Rushdi is determined to see his plan through.*

*[redacted] he has strongly criticized officials whose performance fails to measure up to his standards, and he is believed to be planning a major shuffle of senior Ministry officials.*

*Rushdi graduated from the police academy in 1946. Most of his assignments since the early 1950s have been in the state security section of the Interior Ministry. During the 1970s he served as Inspector for State Security. Before becoming Minister, he had served since 1980 as an assistant to the then Minister, with responsibility for Egypt's central zone [redacted]*

*Rushdi is about 60 years old. Married, he has a son, who is a first lieutenant at the police academy, and three daughters. [redacted]*

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- The opposition press blamed the police and the Central Security Forces for the large number of casualties resulting from government suppression of labor unrest at the Kafr al-Dawwar textile factory in late September 1984. According to the US Embassy in Cairo, the government apparently made no effort to censor press coverage of this incident or even to tone down the harsh criticism of the security forces. In December, [redacted]

[redacted] all 46 persons arrested during this incident were released by a judge without opposition from the government.

- Interior Minister Rushdi last August fired the Security Director of Sinnuris, a town in Fayum Governorate, after demonstrations protested police mistreatment of local prisoners. These demonstrations appear to have been sparked by local press accounts critical of the police.
- The security forces' change from their usual overreliance on force to the use of negotiations and the employment of nonlethal riot control equipment to contain the disturbances at Al-Hadara prison in Alexandria last September apparently did little to reduce media criticism of the government's action. Rushdi's later replacement of the prison warden and many guards, however, was well received.
- Security forces successfully—and nonviolently—contained student disturbances at Al-Azhar University in Cairo in late November 1984. Sources of the US Embassy in Cairo reported, however, that police were upset when Rushdi ordered the arrest of the police official whose conduct sparked the disturbances, while deciding not to bring charges against any students.
- Some senior police officials believe Mubarak's abrupt transfer last July of then Interior Minister Abu Basha to the less important post of Minister of Local Government was an effort to placate critics of the government's election campaign at the expense of the security services. Sources of the US Consulate in Alexandria report Abu Basha was perceived as an excellent security officer and one who supported his officers against public criticism. In contrast, at least one senior Alexandria secret police officer has openly expressed contempt for the current Interior Minister, stating he believes Rushdi's actions have led to disarray in the police and security services. [redacted]

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### Explaining Rushdi's Actions

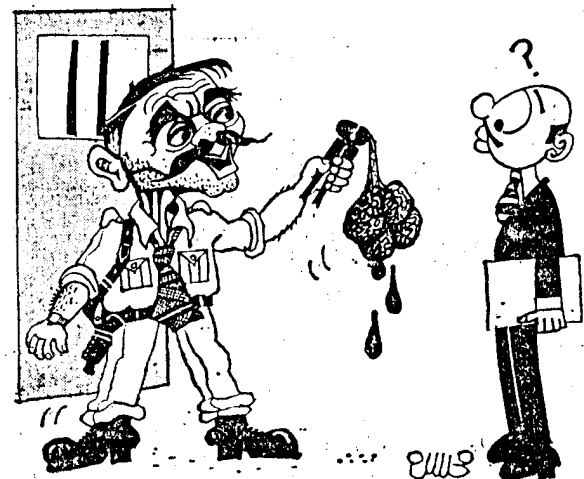
We believe Rushdi's willingness to tolerate media and judicial criticism of the police and security forces is part of his effort to impose his own management style on the Interior Ministry. He has been able to use this criticism—which nearly always focuses on the conduct of personnel appointed by his predecessors—to justify replacing these individuals with persons loyal to him. We believe media and judicial charges of corruption, incompetence, and brutality in the secret police have provided Rushdi the opportunity to replace disloyal, discontented, or underperforming personnel. [redacted]

[redacted] the recent indictment of the three secret police generals for their involvement in torturing the Al-Jihad defendants will facilitate Rushdi's replacement of these out-of-favor officers. Under these circumstances, it is not surprising that many of the old-line police and security officials have expressed dissatisfaction with Rushdi. [redacted]

We believe Rushdi's continuing replacement of police and security officials and his restraint in the use of force to control student and labor disturbances are in accord with President Mubarak's wishes. Egypt's generally good human rights reputation is useful to Mubarak when he negotiates with Western creditors, and the removal of corrupt and brutal police and security officials undercuts opposition political charges about corruption and undemocratic practices. [redacted]

### Outlook

We believe police dissatisfaction with Interior Minister Rushdi is unlikely to reach a level that threatens the stability of the regime. Police and security officials anticipate changes and policy shifts each time a new minister is appointed, and career personnel have learned to adapt to these changes. We doubt that even entrenched, old-line personnel slated



— مخه ظلم في ايدى، وانا اخذ اقله ... !!  
"I was picking his brains, but it came out in my hands!!"

Opposition press cartoon criticizing police interrogation practices. [redacted]

for replacement will actively frustrate Rushdi's policies or intentionally embarrass the government because any such activity would threaten their retirement benefits. Many probably suspect, too, that Rushdi will become less tolerant of the media once it is his policies and personnel, rather than those of his predecessors, that are being criticized. [redacted]

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